

FINANCIAL TIMES

WEDNESDAY DECEMBER 4 1996



Emu tensions

lan Davidson, Page 14

Germans want stability, France wants growth

high on predictions Emu could

add to its investment role

United Nations

Will an African succeed Boutros?

on-line

FT Guide

Doing business

franc. Paris has refused to devalue the franc against the

D-Mark, which it has tracked

for more than a decade,

because such a move could

But Mr Alain Juppé, French

prime minister, said last week he would ask the Group of

Seven leading industrialised

nations to raise the issue of a

stronger dollar. France also

wants the euro to be weaker

than the D-Mark has been, in

order to boost exports from a

Currency traders are specu-

lating that the Bundeshank

may cut German interest rates

soon, but most strategists

throw Emu into jeopardy.

World Business Newspaper http://www.FT.com



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Software market surges ahead As the world software. market climbs towards ...

\$180bn by the year 2000. suppliers are surfing the internet wave in a race to win greater market shares. See today's Raview of

Dollar jumps against D-Mark US currency hits 23-month

By Simon Kuper and Graham Bowley in London

The dollar hit a 23-month high against the D-Mark yesterday after Bundesbank and US Federal Reserve officials said it might become a more favoured reserve currency than the future single European cur-

The dollar, which has drifted

for months, was also buoyed by French and German calls for a stronger US currency to stimulate the French economy. The initial trigger for the dollar's surge was a speech on Monday by Mr Otmar Issing, Bundesbank chief economist. He raised the possibility that the launch of the the single currency, the euro, could

president of the New York Fed, also said the dollar would become more important as Emu approached. Mr Issing cautioned that the Sterling experienced a sud-euro's launch could cut den halt to its recent sharp Mr Issing cautioned that the demand for foreign currency holdings, thus hurting the dol-

lar. However, the markets largely ignored this comment.

The dollar broke through the narrow range of DM1.50-DM1.55, in which it had traded for months, to close at DM1.567 in London yesterday, 2.5 pfen-

rency to prove its strength. also hit 23-month highs Mr William McDonough, against the Swiss franc, closed 6.1 centimes stronger against the French franc and rose pound to \$1.652.

> rise as investors decided to take profits. It was one of the most turbulent days for the currency since it fell out of the exchange rate mechanism in September 1992.

The US currency was also pushed higher by investors' belief that France had persuaded Germany to seek a Story of two falls against the dollar (FFr per \$3

stronger dollar. This week Mr strategists had thought the Hans Tietmeyer, Bundesbank Bundesbank regarded DML55 president, was quoted as say as the dollar's target ceiling. ing he would have "no complaints" about a slightly meyer was responding to calls

The strategists said Mr Tiet-

believe such a move unlikely. higher dollar. Many currency from French politicians and

future Emu zone.

Home truths, Page 4 Lex, Page 16; Barry Riley, Page, 17; Currencies, Page 25

The European Commission is completing plans to oblige carmakers to take back scrap cars and recycle their components. Ludwig Krämer, Commission official responsible for waste management, said the aim was to cut the amount of car scrap sent to landfill or abandoned. Several manufacturers have already concluded more flexible voluntary recycling agreements with a cause a shift into dollar deposits as central banks and inves-

bandful of governments. Page 16 Channel tunnel services resume: Eurostar passenger train services through the fire-damaged Channel tunnel will resume today. but passenger shuttle services, run by Eurotunnel, will not restart until next week. Page 16

Manufacturers

may be forced

to recycle cars

German recovery faiters: German industrial production fell in October for the second month, prompting fears that the country's economic recovery might be heading for another pause. Page 4

Porsche recovery accelerates: The recovery at German sports car maker Porsche picked up speed in the first quarter, with turnover climbing 40 per cent to DM822m (\$587m). Page 17; VW share threat, Page 19

Gold falls through \$370 barrier: Gold fell through the psychologically important \$370 a troy ounce barrier in London to close at \$367.85, down \$3.20 from Monday's close. Market reports, Page 26

Open sides talks reopen: Efforts to reach an "open skies" agreement to liberalise air traf-fic between the UK and the US re-open today in London, Page 9

S Korea labour plans fail OECD terms: South Korea unveiled reform proposals to its strict military-era labour laws that fall short of commitments made to the Organisation for Economic Co-operation and Development during the country's recent accession negotiations.

largeli economy 'set to quadruple': country could become one of the 15 richest nations in the world within 15 years, prime min-ister Benjamin Netanyahu said. Page 8

UK oil output set for record: UK oil production is expected to rise by 210,000 barrels a day next year to a record 2.78m b/d, a study by oil consultant Wood Mackenzie shows. Page 10;

Four combine for radio contract bid: Rucal, Siemens Plessey and ITT are to combine their birds for the £2bn (\$3.34bn) contract to replace the British army's battlefield radio system, in a move which is likely to undermine the Ministry of Defence's flagship competition.

Japan's recovery edges sheat: Japanese economic growth inched ahead at an annualised 0.4 per cent in the three months to September, in line with market expectations of a weak recovery, government figures show. Page 6

Sheres sale nets £260m: The UK government yesterday sold almost its entire portfolio of shares resulting from privatisations of utility industries for nearly £250m (\$434m). taking receipts from privatisations this year to more than £4bm. Page 11 Two Dogs sold to Pernod Ricard:

craze for alcopops, was bought by French drinks producer Pernod Ricard. Page 17; Lex. Page 16 Toymakers 'risk workers' lives': Toymakers are putting the lives of workers in third world factories at risk to satisfy the west's Christmas buying spree, a lobby group claims. UK consumers are likely to spend up to £800m

Australian drinks group Two Dogs, inventor of the alcoholic lemon drink which started the

FT.com: the FT web site provides online news comment and analysis at http://www.FT.com

(\$1,3bn) on toys this month. Page 9

B STOCK MARKET PROJECTS | B DOLD

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Two killed in bomb blast on Paris train

tors waited for the new cur- nigs stronger on the day. It

By Andrew Jack and David Owen in Paris

France was braced last night for a renewed outburst of terrorist activity after two people were killed and seven very severely injured in a bomb explosion on a rush-hour train in central Paris. The explosion, soon after

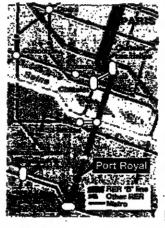
Spm Paris time, was on an RER suburban train at Port Royal station in the fifth arrondissement. About another 50 people in the train or on the platform received less serious injuries. Mr Alain Juppe, the

minister, who rushed to the scene, said there appeared to have been a gas canister on the train which exploded, suggesting the work of terrorists.

There were no claims of although the attack bore the rorist attacks in France last year linked to a group of Islamic extremists opposed to huge cloud of smoke. the Algerian government. Other groups including the

FLNC-canal historique, one of the clandestine organisations calling for greater autonomy on the Mediterranean island of Corsica, and ETA, the Basque separatist group, have stepped up action in recent months, but neither has used such bloody tactics or targeted

The scene of the explosion,



by the southern tip of the Luxembourg Gardens, was last night awash with the flashing blue lights of the emergency responsibility last night, services. Mr Patrick Clussinet, director of La Closerie des hallmarks of the wave of ter- Lilas restaurant opposite the station, said he heard an explosion just after 6pm and saw a

In July last year, a gas canister exploded on an RER train at St Michel in the centre of Paris, killing eight people and injuring 117.

A series of explosions in the following three months injured more than 100 people in Paris, while other bombs were discovered near Lyons, on the high-speed rail track between



DC-10, the MD-11 and the

recently scrapped MD-XX proj-

In return, it is expected to

ect – to its main rival.

ers Vuk Draskovic, left, and Zoran Djindjic, right, wave to supporters during a protest march yesterday against Serbian president Slobodan Milosevic. Bosnia aid hinges on compliance with accord, Page 3

ferring all its wide-body generation jets. Several hun- the new aircraft, the 747-500X, expertise - based on the dred McDonnell engineers will is already being offered for

Boeing in deal with McDonnell Douglas

By Christopher Parkes in Los Angeles

Boeing, the world's leading commercial aircraft maker. has extended a helping hand to its troubled competitor, McDonnell Douglas, with a plan for full collaboration on jetliner design and produc-

The agreement, to be signed next month, follows a series of severe setbacks for McDonnell in both the commercial and military aircraft markets in

LucasVarity to cut jobs in \$420m restructuring

By Tim Burt in London

LucasVarity, the Anglo-US engineering group, yesterday announced a sweeping £250m (\$420m) restructuring and disposal programme involving a cut of 8,000 in the group's payroll over the next year.

The shake-up, expected to involve heavy redundancies at plants in the UK and continental Europe, comes 100 days after the £3.2bn merger of Lucas Industries and Varity Corporation of the US. Mr Victor Rice, chief execu-

tive of the enlarged group, said the programme would lead to annual cost savings of at least £120m and warned that further rationalisation was in the pipe- year.

sive performance targets it has set itself," said Mr Rice, formerly chairman of Varity. About 3,000 jobs are expec-

and plant rationalisation, and Argentina. LucasVarity while plans to withdraw from officials indicated that the dis-13 non-core businesses will see the headcount fall by a further £100m.

The company declined to identify where the redundancies would fall, but industry analysis expect cuts at brakemanufacturing plants including Cumbran and Pontypool in Wales, Koblenz in Germany and Michigan in the US.

Mr Rice said the job cuts achieved mostly through voluntary redundancies and natu- ditions. ral wastage - would lead to a one off charge of £120m, which would be taken against the months to January 31 next

He also announced a further "The savings will help the \$130m charge for asset writecompany achieve the aggresdowns, mainly on the 13 businesses earmarked for disposal. They include Lucas's heavy duty products and industrial components businesses in the ted to be cut as a result of UK and its headlamps and increased operating efficiency ignition operations in Brazil

posals would raise at least

The restructuring goes far deeper than envisaged at the time of merger, when Mr Rice outlined relatively modest plans for £65m of savings and £50m in one-off charges. Shares in the company, how-

ever, fell 16%p to 234p amid concern among industry analysts that the group was suffering from sluggish market con-

More than 15m shares changed hands after Mr John Grant, finance director, said group's profits for the six the group was experiencing a cyclical downturn in heavy duty braking and slackening demand for some diesel compo-

> That persuaded some analysts to trim profit forecasts for next year from about £410m to £390m.

> > Observer, Page 15 Lex, Page 16

The sign of excellence

ornia, base to start contract The deal follows at least a work at Boeing's Seattle win a substantial share of the plants on designs for new verproduction work on the new sions of the 747. The first of

move almost immediately sale and is scheduled to go

from their Long Beach, Calif- into service in 2001.

Continued on Page 16 Personal View, Page 14



OMEGA

World Trade News9

FT/SP-A Wid Indices... Foreign Exchanges 25 EZ Bond Service 24 1-arages Funds 27-29

LORDON - LEEDS - PARIS - FRANKFORT - STOCKHOLM - MADRID - NEW YORK - LOS AMBELES - TOKYO - HOME KOMG

Offshore centres' regulation under fire

Isle of Man and Channel Islands standards have been attacked by Brussels, reports Clay Harris

The European Commission's chief fraud-fighter yesterday accused the Channel Islands Birtwistle, head of compliand the Isle of Man of hav- ance at Credit Suisse (Guerning "lax regulation even by sey) and a former regulator offshore standards", making on the island. She said them an ideal location for Guernsey's regulation had hiding illegal activities.

The secrecy afforded by Switzerland was also a prob- Force set up by the G7. lem for its European Union Commission's anti-fraud coordination unit, told an trict attorney's office. International Financial Fraud Convention in Lon-

challenged by Ms Jannine been favourably assessed by the Financial Action Task

But Mr Knudsen's attack neighbours and a "boon to on offshore centres was echfraudsters". Mr Per Brix oed by Mr John Moscow, Knudsen, director of the deputy chief of investigations for the New York dis-After outlining a case

involving the Cook Islands, a

His remarks were publicly Mr Moscow said: "There are jurisdictions which wish to earn their living protecting crooks."

> Mr Knudsen, a Dane, said illicit entry of goods into the in safe havens and offshore EU was alone costing member countries' treasuries Ecu5bu-Ecu6bn (\$6.3bn-\$7.6bn) in lost revenue each year. Smugglers' potential profit per lorry or containerload ranged from Eculm for cigarettes to Ecul00.000 for agricultural produce. The Commission unit was also focusing on fraud in the pub-

Union. This is a truly worldwide phenomenon." Money acquired illicitly was then centres". Existing arrange-"old-fashioned and bureau- secrecy. cratic", Mr Knudsen said.

These needed to be simplified and streamlined, and ditional offshore centres national law enforcement agencies should integrate but other countries were their efforts and introduce now offering total secrecy. more specialisation.

He said: None of this is included Bank of Credit and step towards large-scale

said he was now investigating "a securities dealer in New York who stole in the hidden in "phantom entities region of \$20m-\$50m. He appears to have an account in the Cook Islands", whose ments for international judi- law states that no court cial co-operation were order can breach its banking

> "Under pressure from the were changing their laws,

Mr Moscow said: "Internal

exclusive to the European Commerce International, international fraud. Bank files have to be accurate and complete. That means you don't have one person who knows the identity and others who comply with subpoe-

> name of the borrower have to be correct. You can look at [BCCI's] files and not civilised world," he said, tra- have a clue what happened It would say: \$100m loaned Wow, you can kiss that money goodbye."

The convention was organ Mr Moscow, whose cases corporate secrecy is the first ised by International Confer-

A further weakness is that

ablic health is the respon-

sibility of two departments

in the Commission - agri-

culture and social affairs.

The Commission, in an

internal and secret inquiry

conducted last year; found

that there was little commu-

nication between depart-

ments, that officials relied

on informal contacts and

that there was a lack of con-

trol and co-ordination of key

US company-ACNielsen agrees to end anti-competitive practices

EU market research row is resolved

By Roderick Oram. Consumer Industries Editor

The US market research company ACNielsen has agreed to end anti-competi-tive practices in the European market under pressure from the European Commis-

The company had been locked in a bitter dispute over European market undertakings were "very sigresearch with Information Resources Inc (IRJ) of the US, which cost the two companies some £25m (\$41.75m) in losses in the UK alone last

IRI, which is also seeking \$1bn in damages from Niel-sen through the US courts. filed a complaint two years ago against Nielsen, which as recently spun off in a US stock market offering by its former parent, Dun & Bradstreet.

The Commission has won undertakings from Nielsen to desist from practices which it believed contravened the Treaty of Rome. Until IRI began European

operations in 1992, Nielsen had a virtual monopoly of buying sales data from supermarkets and other retailers and selling it to manufacturers of food. drink, personal products and other consumer goods.

IRI alleged that Nielsen had tried to prevent it establishing a European business by offering customers discounts of up to 30 per cent if they bought its services across Europe.

IRI argued, however, that data were almost exclusively analysed by country markets, "We should be charging a premium for integrating European data," said Mr Tim Bowles, IRI's president of European information ser-

. its services and stop demanding exclusive contracts with retailers whereby they cannot sell their sales data to other market research companies. The undertakings will remain in place for three years, with Nielsen reporting periodically to the Commission.

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The Commission said the nificant". They would increase competition in the market for retail tracking services.

They also marked a further step in anti-trust co-operation between Europe and the US. The Commission had also investigated Nielsen on behalf of the US department of justice.
"We are delighted to put

this matter behind us," said Mr Nicholas Trivisonno, chairman of Nielsen. The practices "were not material to ACNielsen, nor were they part of any anti-competitive scheme". The company had stopped them after the Commission had delivered its statement of objection to them in May.

"All we wanted was a level playing field." said Mr Bowles of IRI, which has about 35 per cent share of the retail tracking market in the UK, with the balance held largely by Nielsen. It is also building up operations elsewhere in Europe.

IRI said it had lost £12m last year in the UK. Company House records show Nielsen lost £12m on turnover of £45m in its UK market research operations in the year to November 1995.

One factor IRI pointed to was the sharp escalation in fees Nielsen paid to retailers to try to keep IRI out of the market. Typically UK fees are about six times those

Fischler proposes European-type FDA

Mr Franz Fischler, the European Union's agriculture commissioner, yesterday called for changes in the way the Union handles diseases such as bovine spongiform encephalopathy, or mad cow disease, citing as a model the US Food and Drug

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Hament's inquiry into the EU's management of BSE that mistakes had been made in the response to BSE since the first suggestions in 1988 that it posed a threat to consumers. He blamed the mistakes on inhuilt weaknesses in the EU's "model" of managing public health

He said the FDA regime was "one example of a body that commands public respect". The agency, which is charged with protecting

By Neil Buckley in Brussels

European Union energy ministers

yesterday set next summer as a target for agreement on allowing large

gas consumers to shop around for

supplies, but could not hide deep

It was their first discussion on lib-

eralising the EU gas market since

June's hard-fought agreement on

opening up the electricity market.
"I am confident there is a political

determination to get a directive in

the short, rather than medium or

long term," said Mr Emmet Stage,

irish energy minister, who chaired

the meeting. But, while no state

voiced outright opposition, months

of bargaining lie ahead over the

extent to which the market should

be liberalised, and who will be eligi-

ble to shop around for gas.

divisions on important issues.

potential hazards, is an independent federal body with law-enforcing nowers

parliamentary inquiry, which has heard evidence from over 20 witnesses, has unearthed evidence of mismanagement and oversight on the part of the Commission, member states and their representatives on the standing veterinary committee.

The report, due in mid-January, is expected to call

supply contracts with producers.

They could find themselves paying

for gas they cannot sell if their cus-

tomer base shrinks as a result of

competition. Little progress was made yesterday on these "take or

pay" contracts, the industry's big-

gest concern. The complexity of

these issues could dash hopes of

As in the electricity market, large

gas consumers want the strangle-

hold of national gas monopolies bro-

ken, claiming this could knock mil-

But EU states are divided between

those such as Britain and Germany,

which want a rapid, substantial mar-

ket opening, and those, such as

France, which favour a more grad-

lions of dollars off their bills.

nal approach.

the public against unsafe for changes in the way the meet their obligations? safety issues, were suffi-foods, drugs and other EU manages consumer pro-Mr Fischler told the

inquiry that decisions taken

at EU level in response to rect. But the implementation and control were not as they should have been". However, he emphasized

that the responsibility for implementing measures to control BSE rested primarily with member states. "What means do we have to force the member states to

with distributors holding long-term important issues yesterday. They

Should we not be thinking of new instruments?" he Mr Fischler identified

weaknesses in the EU's public health regime. These included uncertainty over whether responsibility for protecting human health rested with member states or with the Commission and whether "specialist" committees, such as the standing veterinary committee, charged with advising the

approved the principle that EU

states can impose public service obli-

gations on gas operators: on prices

and quality, and environmental

issues and security of supply.

though differences existed on how

flexible these obligations should be.

of gas operators' production and transmission activities should be

separated to prevent cross-subsidy

and to ensure competitors are

charged a fair price for access to

granting access for new market

entrants to gas transmission net-

works - free negotiation between

the new entrant and the network

operator, or "regulated access" on

Ministers accepted member states

transmission networks.

They also agreed that the accounts

Summer target set for EU gas accord

They made little headway on the extent or mechanics of market opening. France warned that the vast differences in EU gas markets might make it impossible to agree "quantitative" percentage openings, as in the electricity market. "Qualitative" criteria, such as allowing competition to certain types or sizes of gas user, might be necessary.

David Buchan adds: Half France's 140,000 gas and electricity workers went on strike yesterday in protest at the proposal to liberalise the EU gas market put to energy ministers in Brussels yesterday. A government could choose between two models of statement promised France would defend its "public service à la francaise in gas as it has for electricity". France has persuaded its partners to agree that liberalisation of electricity should be partial and phased in.

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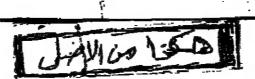


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Bruce Clark in Lisbon and Anthony Robinson in London

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المراجعة والمستوانية

communities will be told they must prepare to take responsibil-Moslems and Bosnian Serbs meet foreign donors of aid and mili-

They should be under no illusion. The international community is not prepared for an indef-

the eve of a two-day conference Bosnia's suspicious ethnic year's targets for further implementation of the economic, security and institutional aspects of fulfilling the obligations they of the greater presence on the ity for their own fate as Croat- last December's Dayton peace agreements.

tary assistance in London today. maintain a reduced 31,000-strong the aid received by the Croat-agencies and soldiers fear that successor to the original Ifor Moslem federation this year the post-Dayton separation of

Bosnia's shattered economy will be conditional on governments accepted at Dayton.

Republika Srbska, the Serbian diers and aid agencies. Nato has already agreed to entity, has received a fraction of implementation force next year, because of its reluctance to allow and an aid-pledging conference refugees to return, and its but will be insufficient to keep Serbs, Croats and Moslems - are "high representative" of the

role," British officials said on today, Bosnia's Serb, Croat and criminals or comply with other Moslem communities will be told Dayton provisions. But the is being co-ordinated by the in London. On the agenda is next that access to aid for rebuilding record of the federation government has been only marginally better, and then mainly because ground of foreign diplomats, sol-

> Foreign governments, aid economic regeneration effort, forces created an armed truce

in economic reconstruction. This World Bank, the IMF and the European Union. The British government's Overseas Development Agency, acting closely with Carl Bildt, the former Swedish the British Army, has been one of the main forces behind the

implementing 600 projects. Bosnia's main communities - extend for two years the post of

flicting visions of Bosnia's future or co-operate in projects of mutual benefit.

The civilian side of implementation has been headed by Mr prime minister. In Lisbon yesterday he brushed aside speculation that he intended stepping down, adding that the London confer-But there is little sign that ence was likely to upgrade and

Today's conference will concentrate on Bosnia but takes place against the background of daily street protests in Belgrade against Mr Slobodan Milosevic, the Serbian president, and doubts about the health and longevity of Mr Franjo Tudjman, his Croatian counterpart. Both men promoted the war of Yugoslav succession but have been seen up to now as guarantors of the Day-

EUROPEAN NEWS DIGEST

Lagardère set for go-ahead

The Lagardère group's purchase of Thomson, the French state-owned defence and consumer electronics holding company, is expected to be cleared today by Mr Karel Van Miert, the EU competition commissioner. He is also likely to give the all-clear to Daewoo of Korea to buy the consumer electronics division, Thomson Multimedia

However, Brussels is likely to attach tough conditions to approval of a FFr11bn (\$2bn) capital injection from the French government to Thomson to reduce part of its FFr25bn debt. A decision on this part of the deal is not likely before the middle of the month, by when Mr Van Miert will have had to decide whether the aid will be used purely for restructuring, in which case it is permissible under the EU treaty.

Emma Tucker, Brussels, and David Owen, Paris

Greek farm protest widens

Greek farmers threw up more road and rail barricades yesterday, causing transport chaos for a sixth day. Their action, backed by some 6,000 tractors, is in support of demands for lower fuel prices and value added tax on equipment, higher farm subsidies, and the rescheduling of \$1,3bn in debts with state banks. Queues of international and domestic lorries grew at more than 25 blockades of main roads around the country.

It is the first challenge to the economic policies of Mr Costas Simitis, the prime minister, since his Socialist party won September's general election. Mr Simitis, whose priority is meeting the European Union targets for ecunomic and monetary union, has ignored calls by the

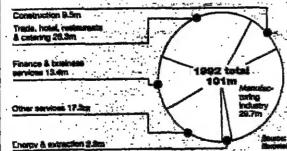
Threat to Belgian aid

Mr Karel Van Miert, EU competition commissioner, said yesterday he would ask the Belgian government to recover some BPr11.4bn (\$380m) of state aid paid as part of a government scheme to help companies most exposed to international competition. A formal decision ruling the uid illegal is expected today.

The aid, paid under the "Operation Maribel" scheme, was given in the form of lower social security contributions and lighter labour costs. The government will have two months to decide how to recover the aid. However, Mr Van Miert said companies with 20 workers or less could keep aid of less than BFrem, paid over three years, as such amounts could not be judged to have

Half of jobs in small business

EU employment:



Around 99 per cent of businesses in the EU employ lewer than 50 people but account for half of all employment and nearly half of total turnover, a report from Eurostat, the EU statistical office, said yesterday. Large concerns employing more than 250 people are responsible for 34m jobs, a third of the total.

Some to per cent of EU enterprises are involved in the wholesale and retail trade and hotels, restaurants and catering. Finance and business services account for 15 per cent; manufacturing and construction each account for around 13 per cent.

Dutch drugs to go by post

Caremark International of Illinois has signed an agreement with the Dutch health insurer Zilveren Kruis Group to provide postal distribution of prescription drugs for 2.5m people covered by Zilveren and its four affiliated companies. The deal is said to be Europe's first USstyle prescription benefit management (PBM) scheme. PBMs in the US manage drug purchasing and distribution for clients such as health insurers and have grown rapidly as part of the effort to control costs. Duniel Green, London

Serbs shut radio stations

Serbia closed an independent Beigrade radio station yesterday to halt its live reporting of the 16 days of opposition demonstrations aimed at ousting President Slobodan Milosevic

Radio B-92 said the communications ministry had ordered it to stop broadcasting, while 50,000 students opposition supporters took to the streets of Belgrade again in protest against election rigging by the ruling

Radio index also disappeared from the air as the authorities cracked down on the independent media, and state media accused the demonstrators of fomenting violence and "terrorism". Staff at Radio Index could not immediately be reached but Radio B-92 said the ministry had removed its frequency. The radio suffered frequent jamming during earlier demonstrations. Reuter, Belgradi

Madrid trims company tax

Spain's governing centre-right Popular party has introduced a tax cut for small companies into the 1997 budget, currently going through parliament. The measure is expected to make a dent of at least Pta20bn (\$155m) in the government's financial calculations for the year, in which it is aiming to meet the budget deficit target for joining the European single currency in 1999.

The move is a response to a corporate tax reduction by regumal authorities in the Besque country, using their fiscal autonomy to set a lower 32.5 per cent rate on company profits compared with a standard rate of 35 per cent. The Basque initiative is contested by the central government, and has provoked anger in other regions.

The PP proposal promises a special lower rate of 10 per cent for the first Pta15m of profits earned by small companies with annual sales of less than

Greece tries to plug its leaky tax system

he Greek govern- sessions of parliament. ment's campaign to taxation system has ended an ancient tradition of tax breaks for almost 300 special interest groups: from mothers of large families to Olympic gold medallists.

The finance ministry says the measures will bring in only Dr150bn (\$620m) next tax allowances for the year but claims this figure could rise to as much as Modernising the tax sys-Dr700bn yearly as details of tem is part of the Socialist unearthed from the archives.

To avoid a political outcry, many changes were slipped into laws on unrelated topics during their final reading ister, last week presented to journalists' union persuaded and approved in late-night parliament a budget for 1997 Mr Constantine Mitsotakis

There are probably about undate its eccentric 800 categories of allowances altogether, but to find them you'd have to examine every law passed in the past 60 years because the finance ministry never made a list," savs an economist at Kepe. the state planning institute, which prepared a study of finance ministry.

other tax allowances are government's effort to lower the budget deficit and eventually qualify for European monetary union. Mr Yannos Papantoniou, economy min-

Dr1,000bn will be required to achieve this target, though most of the gain is projected to come from higher tax rev-

Most of the tax breaks accumulated under Greece's pervasive patronage system as special interest groups exploited their connections with senior politicians. In return for concessions from the finance ministry, they were expected to deliver blocks of votes.

As late as 1990, the Greek journalists' union persuaded

deficit from 7.6 per cent to receive more positive cover-42 per cent of gross domes age by guaranteeing journal-tic product. Savings of ists a tax deduction. It helped that, as an impoverished young politician on Crete, Mr Mitsotakis used to write and publish his own

> granted other allowances in self-conscious imitation of classical Greece, where city states would reward mothers for producing a clutch of sons and give lifetime benefits to athletes who triumphed at the ancient Olympic Games.

One sought-after privilege was importing a luxury car tax-free, enjoyed by MPs and

which aims to reduce the that his government would a few other groups. Among them were ethnic Greek lege for another year so that immigrants from the former Soviet Union, who would arrange to hand over the tax-free Mercedes they could not afford to a well connected Athenian in return

> The Socialists claim that abolishing tax privileges will mean sharing the fiscal burden more equitably. Government officials have been quick to point out that judges, singers and ships' officers (sometimes shipowners as well) would also lose their special allowances.

for a cash payment.

However, the government was forced to make some

50 newcomers elected last September can take delivery of their vehicles.

Greece's four gold medallists from the Atlanta Olympics, who quickly acquired the status of popular heroes, will also be allowed a year's

fiscal breathing space. Nor have the mothers been forgotten. In response to vociferous complaints, Mr minister, announced that the loss of their tax-free pensions would be compensated for by increased allowances for each child.

Kerin Hope

Taiwan InnovalueSM grabbed Peter Grose with a pen that reads.



As a successful biographer, Peter Grose has spent thousands of hours cross-referencing facts and documents, always longing for a faster compiling system.

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The Primax DataPen seans the text directly into a computer, like the hundsome Acer Aspire, another Gold By John Thomhill

Russia's coalminers yesterday claimed to have shut down 161 of the country's 189 mines as they started an indefinite national strike to protest at delayed wages.

Mr Vitaly Budko, chairman of the main coalminers' union, said 80 per cent of Russia's 500,000 miners were pursuing strike action to demand the government's resignation. He said some miners had not been paid since June.

"Resignation of the government is not our aim, it is our cry of despair, to make them negotiate with us," Mr

Budko said. Russian news agencies reported that Mr Victor Chernomyrdin, the prime minister, would visit the strike-torn Kuzbass region on his return from the summit meeting in Portugal of the Organisation for Security and Co-operation in Europe in an attempt to

defuse the crisis. More than 150 workers at the Leningrad nuclear power plant also went on strike yesterday over wage arrears and other worker protests took place across the the

Wage arrears in the economy have snowballed since the presidential elections in July and are expected to reach Rbs50,000bn (\$9bn) by the end of the year. A severe shortfall in tax revenues has forced ministries to freeze many of their spending programmes in a desperate attempt to stick to this

year's target budget deficit. Coalminers have resorted to strikes in the past but their protests have normally fizzled out after a few weeks. Divisions between unions and coalmining regions have undermined the miners' collective strength.

A mission from the World Bank arrives in Moscow today to review the second tranche of a \$500m support loan to the coal industry.

Setback for German recovery

By Peter Norman in Bown

German recovery might be heading next.

Financial markets, howinspiration, they pushed high while long-term inter- month. est rates - as measured by the Bundesbank's average of public bond yields - fell to an historic low.

up at 2,900.76. The average bond yield fell to 5.02 per cent from 5.05 per cent. A 3.6 per cent rise in to September and an upbeat year.

forecast of 3 per cent indus-

year from the Ifo economic industrial research institute indicated production fell in October that Germany is still some for the second consecutive way from recession, despite month, prompting fears that a separate warning of record the country's fitful economic bankruptcies this year and

According to the economics ministry, overall indusever, shrugged aside yester- trial production in October day's gloomy news. Drawing dropped by a provisional, on the dollar's strength for seasonally adjusted 1.8 per cent from September after a

Although the scale of Sep-tember's decline was revised from the nnexpectedly sharp 1.8 per cent drop reported a The Dax index closed 47.20 month ago, output in Octo-pp at 2,900.76. The average bond yield fell to 5.02 per was 1.5 per cent lower than in July and August and only 0.2 per cent higher than in exports in the nine months September and October last

trial production growth next European economist of ery, iron and steel, vehicle year from the Ifo economic HSBC James Capel in Lon-building and electrical don, said the October production figures were well it warned that industry below market expectations. and suggested the industrial recovery which started ear-

Her this year had stalled. "The combination of weak industrial data and rising unemployment suggests that not in the bag," he said. "However, a relapse into blue chip equities to a record 0.6 per cent fall the previous recession is unlikely given the continued strength of prevent a rise in business the Ifo survey and, in particular, the continued improvement in the inventory posi-

> The Munich-based Ifo institute yesterday predicted industry growing to 3 per cent next year from 1 per

machinery sectors. However. would play no part in cutting Germany's 4m registered unemployed.

Ifo and Germany's other leading economic research institutes expect the economy to grow next year by 2.5 per cent. But Creditreform, the association of German credit research companies. said such growth would not insolvencies to a new high of 22,500 next year from a forecast record of 26,500 this

Contrasting with the depressed domestic econoutput in manufacturing only, Germany's export business has continued to prosper. The visible trade Reptember and October last cent in 1996, and was espe-surplus rose to DM3.3bn cent.

Cally bullish about pros-Mr Stephen Ring, chief pects for the office machin
DM7.6bn a year earlier,

in exports at the same time as a 0.9 per cent decline in imports. The current account deficit was cut to DM1.6bn in September from DM2.4bn in September 1995. World Stock Markets,

reflecting a 0.2 per cent rise

There was deadlock on

Monday after Azeri officials

insisted that the Lisbon sum-

mit's final conclusion must

include a clear affirmation of

the territorial integrity of

Azerbaijan. Armenian offi-

cials complained that the

OSCE's Swiss presidency

was making last-minute

changes under Azeri pres-

sure. They insisted that any

settlement must enjoy the

assent of Karabakh's ethnic

Diplomats said relations

between Azerbaijan and

Armenia, which have

observed a ceasefire since

1994, took a turn for the

worse last month when a

dialogue about a possible

joint approach to the Lisbon

UK foreign secretary,

affirmed Britain's commit-

ment to the integrity of

Azerbaijan but expressed

regret that it had broken off

Mr Malcolm Rifkind, the

summit broke down.

talks with Armenia.

Armenian leaders.

Stark home truths of a stability pact

he blank expression per cent of GDP should be on the face of Mr Jür-presumed guilty of running deputy finance minister, punishment A "grey zone" spoke volumes late on Mon-

day night Exhausted at the end of a Union finance ministers in Brussels, Mr Stark's goal was to get home fast. "Where are the cars?" he demanded. "Where are the

It had been a tough day for the Germans. Virtually isolated over their demands for steep and automatic fines against countries running excessive deficits in the planned single currency zone, they spent much of the day beating a tactical

retreat.

At the heart of the talks on the German-backed budget stability pact is how to punish countries which run up deficits in excess of 3 per cent of gross domestic product after joining mone starting at

tary union. Ministers agreed on the size of eventual fines against fiscal delinquents, ranging from a minimum of 0.2 per cent of GDP and a maximum of 0.5 per cent of GDP. They also agreed that politicians should have the last word on whether to impose these

Two issues are outstanding. The first is how to iefine to the Germans' satisfaction the "temporary and exceptional" circumstances which would allow a country to escape penalties.

Mr Theo Waigel, Germany's finance minister, initially proposed a 2 per cent drop in output over four consecutive quarters, but on Monday he shifted down to a decline of 1.5 per cent in output. This moves Bonn close to the "Wicks Box" - the on a deal, though German compromise proposal put forward by Sir Nigel Wicks, the senior UK civil servant who presides over the EU

monetary committee. The committee has proposed that all countries that suffer an annual fall of 0.5

gen Stark, Germany's an excessive deficit and face covering falls in GDP ranging from 0.5 per cent to 2 per cent would be left to ministe-12-hour meeting of European rial discretion, bearing in mind a country's record in fiscal discipline and its pros

pects for recovery. The second issue turns on the role of the European Commission. Germany is uneasy about the Commission's monopoly right of ini-tiative which allows it to decide whether to set in train the excessive deficit procedure. Thus, Bonn first

F. 24.

Ministers agreed on the size of fines against fiscal delinquents, 0.2 per cent of GDP

sought to move the whole process out of the EU framework and make it a matter between countries taking part in Emu. But other counplot to build a "Community within a Community". Mr Jacques Santer, president of the Commission, also pro-

tested. The Irish presidency is pinning hopes of a deal on the Franco-German summit next Monday in Nuremberg, followed by a session of the monetary committee and a special EU finance ministers meeting on the eve of the EU summit in Dublin on December 13-14. The odds must be suspicions about political discretion polluting the economics of Emu remains as strong as ever. Ian Davidson, Page 14

Editorial Comment, Page 15 Lionel Barber

on bank crisis

By Andrew Jack in Peris

The French parliament is to conduct an inquiry into the country's banks, the latest in a series of moves likely to shake up the sector significantly.

France's banks are in a crisis unrivalled since the end of the second world war. according to Mr Michel Péri-card, leader of the Gaullist RPR group.

Two investigating judges have just been appointed to inquire into allegations of fraud and false information in the accounts of Crédit Lyonnais, the troubled stateowned bank during 1990-93. Mr Jean Arthuis, the economics and finance ministe said in August that he had asked the justice ministry to determine whether action should be brought against former directors of the bank.

Mr Péricard said yesterday that the decision to establish the parliamentary inquiry had been taken before the latest appointments. But he cited Crédit Lyonnais (currently negotiating a new

the government), CIC bank (whose privatisation was recently called off) and Crédit Foncier de France (subject to a government takeover) as examples of the

crisis in banking. French banks not only faced the pressures of the globalisation of the capital markets, but also inflexible labour laws, and "collusion" between civil servants and the executives of large banks which "safeguarded neither the efficiency nor transparency" of choices made in the

His comments echo the Senate's controversial report last month which called for sweeping reforms, including removal of a series of anticompetitive practices and inflexible legislation, and modification of the statutes of the Caisse d'Epargne savings bank.

Separately, Mr. Alain Junpé, the prime minister, is considering appointing an independent figure such as Mr Dominique de La Martinière, author of a report earlier this year on tax reform, restructuring package with to examine the sector.

French MPs act OSCE agrees wider role as veto threat subsides

By Sruce Clark in Lisbon

A 54-nation summit agreed yesterday to work towards a new security system in Europe after a last-minute compromise in a row involving Armenia and Azerbaijan which threatened to derail the meeting.

Heads of government from North America, Europe and the former Soviet Union issued a mildly worded final statement on the promotion. of "security and stability" in Europe which Azerbaijan had threatened to veto.

Member states of the Organisation for Security and Co-operation in Europe also pledged to boost the OSCE's efficiency as an instrument for preventing conflicts in partnership with other security bodies such as Nato and the Western European Union.

But the Azeri veto was lifted only after the OSCE's Swiss chairman, Mr Flavio Cotti, agreed to read out a statement regretting Armen-

Azerbaijan had earlier insisted that the final communique must include an explicit reference to the solution of the Karabakh problem on the basis of self-rule for the enclave under Azeri jurisdiction - an idea endorsed by an OSCE-sponknown as the Minsk group.

Armenia's President Ter-Petrosvan Levon rejected this proposal on the grounds that it would prejudge the solution of the eight-year-old conflict, which has cost 20,000 lives.

Diplomats said the tough stance by Azerbaijan, a mainly Moslem nation of 7m people which has signed oil contracts worth billions of dollars since gaining independence five years ago, was one of the big surprises of the Lisbon meeting.

They said the Azeri tactics reflected the growing self-confidence of President Heydar Aliyev, a veteran of Soviet politics who served in the Moscow Politburo but ia's refusal to accept a com- has kept his distance from promise proposal on the Russia since gaining power future of Nagorno-Karabakh. in 1993.

President Aliyev strongly denied that his country had broken off bilateral contacts with Armenia and said he expected them to continue.

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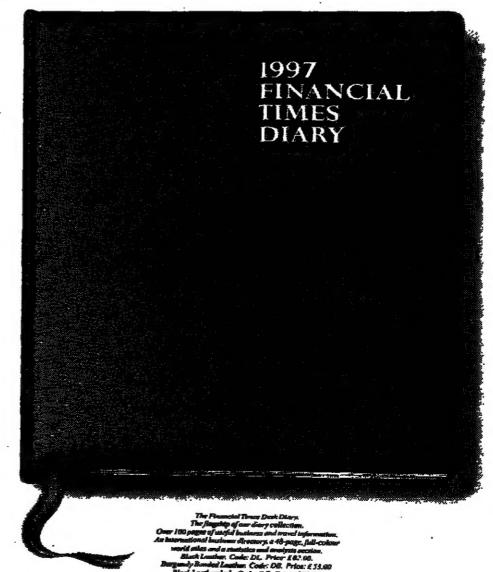
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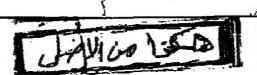
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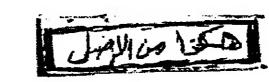


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A true "World Car" may not exist.

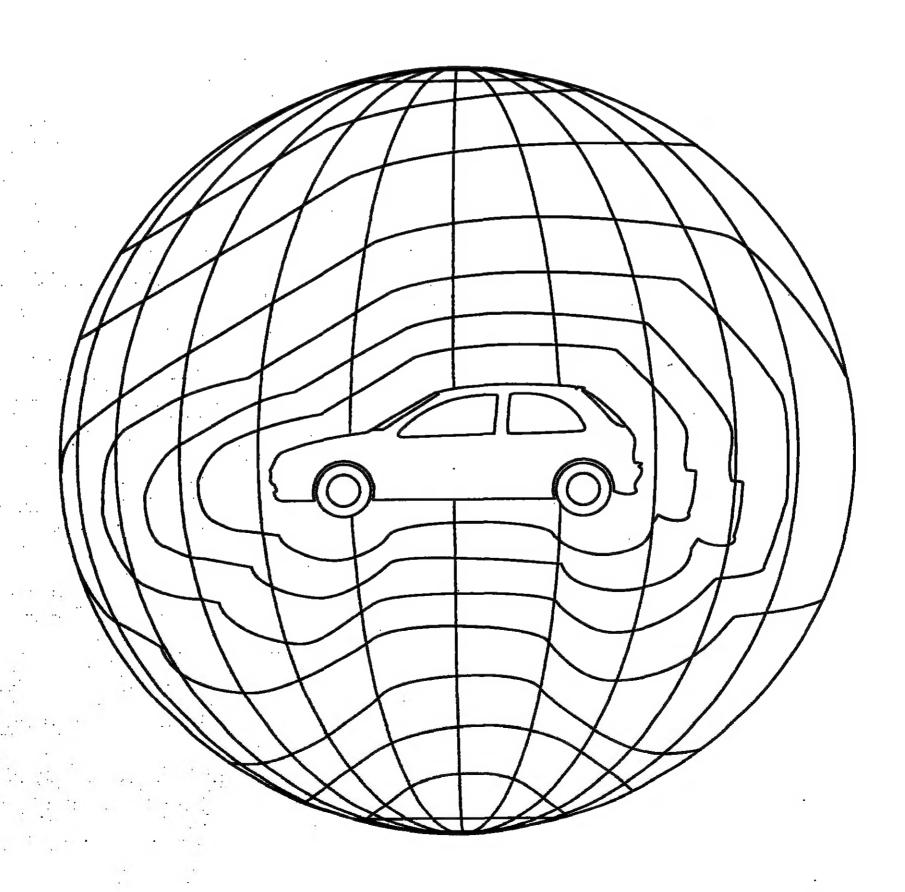
Corsa platform were sold in 75 countries. This year, sales have already surpassed that total, and are still going strong.

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South Africa is the seventh country to build this highly successful car.

So while the World Car may be, in one sense, a mythical beast, we manage to come fairly close. In all events, 75 countries is a good beginning.





Japan recovery edges ahead but consumer boost falters By William Dawkins in Tokyo Japanese economic growth inched ahead at an annualised 0.4 per cent in the time assumption that Japanese interest rates will be kept low to reinforce the rooms of the per cent in the time from the to September. In lies with the consumer of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent in the time from the total sequence of the per cent o

months to September, in line with market expectations of a weak and poorly supported

This marks a turnaround from a revised 1.1 per cent annualised decline in gross domestic product in the previous quarter ending in June, according to data from the government's Economic Planning Agency (EPA) yes-

recovery. The Bank of Japan's official discount rate has been kept at a record low of 0.5 per cent since September last year.

But economists and policy makers in Tokyo expressed disquiet over a slowdown for the second consecutive quarter in the growth rate of private consumption, which

Hamanaka: personal gain?

Hamanaka's three lawyers

greater opportunity to prove

as has been widely believed

among copper traders, that

he acted, contrary to Sumi-

Mr Hamanaka has so far

kept his intentions quiet,

beyond indicating he will

plead guilty to all charges so

He has no cause to hurry.

Japan's judicial system, tri-

als have been known to last

power than the judiciary.

Commodities, Page 26

on the verdict.

bosses' connivance.

per cent in the previous points in the third quarter GDP grew 3.3 per cent in (15 per cent of the Japanese, the third quarter against the economy). up 6.4 per cent same period last year, year-on-year, after a 5.5 per slightly better than 3 per cent rise in the previous cent in the second quarter, three months. but down on the 4.9 per cent

of the first three months. Private sector economists believe the economy will be accounts for 60 per cent of close to the EPA's forecast of the economy. Private con- 2.5 per cent growth this fis- ment stops spending." said

Exports rose, helped by a weak currency, by 1.9 per cent from the same period last year, after falling 1.2 per cent in the previous quarter. Imports rose 7.9 per cent, significantly slower than the 13.4 per cent growth of the econd three-month period. Mr Walter Mondale, US

Vietnam is already run-

and a current account deficit

expected to be around 12 per

cent of gross domestic prod-

yet to repay \$900m in com-

"They [the Vietnamese]

have only got one shot at it.

There's already a debt stock.

If they don't sort out these

problems now, debt will pre-

vent them furthering

reform," says one foreign

Critics of current policy

point to a number of struc-

tural problems that could

The first is the authorities'

instinct to use administra-tive controls - such as

restricting letters of credit -

boosting exports.

to stem imports rather than

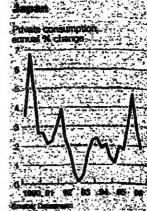
That, say economists,

mercial attenrs.

cern in the US over Japan's trade surplus.

"One of the problems right now is we're not sure how strong Japan's economic growth pattern is," he added. Residential investment was also strong, up by 20.2 per cent year-on-year after a 14.5 per cent increase in the second quarter, supported by ambassador to Japan, yester- a sharp rise in housing

Previous rises in housing starts have been harbingers of increased consumer spending on white goods and furnishings. However, economists pointed out a rise in housing starts alone was not enough to bring a sustainable lift in personal con-World Stock Markets,



Judicial noose tightens around ex-Sumitomo copper trader

Hamanaka to illegal payment

Mr Yasuo Hamanaka, former star copper dealer suspected of losing \$2.6bn for Sumitomo Corporation, the Japanese general trader, was yesterday accused of receiving Y20m (\$176,000) from a met-

A spokesman for the Tokyo District Prosecutors' Office, which is holding Mr Hamanaka on two sets of charges of fraud and forgery, yesterday said he bad received the cash while working for Sumitomo.

This is the first suggestion in the six-month inquiry into the biggest single financial loss in Japanese corporate history that Mr Hamanaka might have traded for personal profit. Mr Hamanaka has claimed all along that, while guilty of all charges made so far, he only traded on behalf of his company and not for personal gain. The development tightens

the judicial noose around Mr Prosecutors had earlier

indicted Mr Hamanaka for fraud relating to the losses he is said to have notched up in a fruitless and unauthorised attempt to drive up copper prices. And he now faces a second court case, on top of a first trial for forgery, month on four charges of shown to have little impact faking signatures on Sumitomo documents. Sumitomo is discussing with prosecutors a third possible charge of breach of trust.

Sumitomo hopes to ease the damage to its corporate image by pinning blame for the losses on Mr Hamanaka alone in a legal broadside.

But by the same token, the extra charges will give Mr



Donor meeting seen as test of resolve to push for change

between Vietnam and its donors in the shiny opulence of Hanoi's only fivestar hotel will represent a small coup for the Vietnamese. It is rare that developing countries host donor meetings on their own soil and this year's will be the first held in Vietnam.

But that will be the only cause for celebration. Foreign investors have become disillusioned with a country once hailed as a promising investment frontier, disbursement of official development assistance (ODA) is poor and doubt is growing over Hanoi's commitment to continuing economic

The fact that the country's 75-year-old president, Mr Le Duc Anh, lies ill in hospital tomo's claims, with his is an unfortunate but potent metaphor of the state of the

The donor meeting is seen as a crucial test of donor resolve to prompt moves towards deeper reforms, and of Hanoi's willingness to In the slow motion typical of respond. It is a challenge that neither side appears ready to tackle head-on. "Nobody here believes that

for more than 10 years coincidentally the maximum the Vietnamese do anything penalty for fraud in a hurry. The government Statistically, a suspect's has a strong sense of owner-And there's no desire on the part of donors to undermine More than 99 per cent of that," says a western diplo-Japanese criminal trials mat in Hanoi.

result in convictions, partly Diplomats say many a result of the care with donors are expected to raise which the authorities preconcerns about the pace of pare their cases, but also the country's 10-year-old because Japanese public reforms. But most are too prosecutors have traditionpre-occupied with harnessally held higher prestige and ing their bilateral relations to be interested in helping forge a collective message , reforms.

omorrow's annual with real impact. "There are face-to-face meeting some observers who feel that maintaining political stability is more important than a great level of investor com-fort," says a European diplo-

was corporate investment

"The corporate sector is

doing a great job propping

up the economy, but there is

forward once the govern-

very little else to propel it

prised in June when the World Bank announced it would be prepared to extend \$1.5bn to Vietnam, making the Communist-run country the second largest recipient of Bank funding after India. That led to suggestions the Bank is taking a soft line on Vletnam, which its officials

The Bank has said it

would like to see encouragement of the private sector in order to spur domestic investment, stimulate exports and job creation. Some in the government, including Mr Vo Van Kiet, the reformist prime minister, have shown support for that

nt powerful commu-B nist party interests drive Vistnam further into still regard private debt if not dealt with now. husinesses with ideological distaste and maintain discriminatory controls on loss-making state companies. In any event, multilateral donors are concerned that anything approaching table-

could be done by abandoning a commitment to import subonly accentuate the divi- stitution, dropping ansexport sions within the Vietnamese quota system that discrimiadministration over whether nates against private exportsector, in which the party However, the state of Viethas a large economic stake. nam's debt profile may force the issue Economists warn

Another problem is the environment for foreign investors, which has seen litthat without taking urgent action on its rising debt, the tle improvement. Foreign country risks not being able fund inflows are dipping. to finance the next stage of with one newspaper last week reporting that Ho Chi

Minh City had received 52 per cent fewer pledges so far this year than the same period last year.

This will hinder Hanoi's uct this year. Hanoi has also ability to finance its trade deficit at a time when its needs indicate it should at least double current foreign investment figures.

In addition, foreign investment itself is emerging as a source of debt. About 95 per cent of joint ventures are with state-owned companies, many of which borrow from state-owned banks. "The borrowing of state enterprises. especially in joint ventures...need to be monitored as these borrowings could develop into public sector liabilities and undermine Vietnam's creditworthiness," according to the World Bank.

Against this backdrop, Hanol will tell the donors that it needs \$41bn between growth and install essential infrastructure. Economists say that

whether it achieves those goals will depend largely on whether the authorities can reconcile their internal diffarences in time. "There are people who want to do the right thing. But there's a struggle of ideas," says one.

Jeremy Grant

ASIA-PACIFIC NEWS DIGEST

Malaysia seeks Asia rail funds

Malaysia is to start seeking international consortia to fund and build the Trans-Asia railway through south-east Asia. The project was approved at the Association of South-East Asian Nations summit in Bangkok last year.
Malaysia's transport minister Ling Liong Sik said
yesterday the feasibility study had not yet been carried out, but the regional working group Malaysia headed was keen to tap interest from potential builders.

Originally the route would have linked Singapore with Kunming, south China, but countries such as Laos and Burma have expressed interest. Several stretches have been tentatively identified: from Phnom Penh to Ho Chi Minh City, and from Nam Tok in Thailand to Ye, Burma, linking Rangoon to the main line. Financing, likely to total \$4bp, is not yet settled. James Kynge, Kuala Lumpu

Burma protesters dispersed

Riot police dispersed Burmese students yesterday after they staged all-night demonstrations critical of the country's military regime at various points around Rangoon. The protests, involving as many as 2,000 students and supporters, were the largest since 1988, when hundreds of thousands took to the streets to call for the overthrow of the military junta, and thousands were

While student leaders said the demonstrations were non-political" and had no connection with opposition leader Ms Aung San Suu Kyi and her National League for Democracy, they also chanted anti-government slogans. Roadblocks preventing access to Ma Suu Kyl's house were erected during the demonstrations and remained after the Ted Bardacks, Bangkok protests were broken up.

Thai prices up 5.9%

Thailand's consumer price index rose an average 5.9 per cent during the first 11 months of this year compared with the same period last year, commerce minister Narongchai Akraseni said yesterday. The Bank of Thailand earlier this year forecast that the index for the whole of 1996 would increase by about 5.5 per cent from last year. However, the bank has revised unwards its estimate to 5.7-5.8 per cent.

Pakistan rejects US criticism Pakistan yesterday rejected US criticism of Sino-Pakistan

co-operation in the peaceful use of nuclear technology, saying it did not violate any international law. The Pakistan comment was in response to a statement by a US state department spokesman yesterday discouraging any nuclear dealings between the two nations. China is building a 300 MW nuclear power station at Chasma in Pakistan's Punjab province. The power plant is expected to be completed by the end of 1998.

Meanwhile, at least three people were injured when a car bomb exploded yesterday outside a shopping complex in Lahore during a visit by Chinese president Jiang Zemin. The Chinese president was on a tour of historical sites in the city. Agencies, Islamabad and Lahore Editorial Comment, Page 15

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The City of Klaipeda and the Republic of Lithuania announce an international competition for the Management of Klaipeda Free Economic Zone

Klaipeda - a convenient point on East-West crossroads on the Eastern Baltics, the center of West Lithuania with an ice-free port, a city with a developed transport infrastructure and qualified labour resources is looking for a reliable company to hold office for the management of Free Economic Zone. The Free Economic Zone (205 ha) is the space for perspective business, production and transport development in privileged conditions.

The government of the Republic of Lithuania and the city of Klaipeda invite interested parties to participate in the competition for preparation of the best Business Plan and the Statute of the Zone and to form the Constitutors' Group. The documents of the participants of the international competition are accepted from 20 November, 1996 until 20 March 1997.

Precondition for the participation is an official application of the company and the bill of application fee of LT 1,000 (US\$ 250) transferred to: Municipality account no. 142 023 (currency account no. 11 070 919) Klaipeda Department of Lithuanian State Commercial Bank, 1 Turgaus Str., Lithuania - 5800 Klaipeda.

The application and the bank transfer confirmation should be sent with indication "Documents for International Competition on Klaipeda Free Economic Zone" to the address: The Municipality of Klaipeda, Room no. 120, Liepu 11, Lithuania - 5800 Klaipeda

Detailed information: Municipality, Foreign Relations Dept.: Tel./Fax: +37 06 21 47 95, Tel. +37 06 25 99 79

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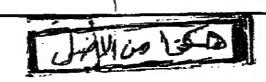
The Ministry of Health of Romania, based on the Governmental decision No. 909/1996 that guarantees the importation of the equipment for radiology, now invites qualified firms to an International Competitive Bidding for the purchasing.

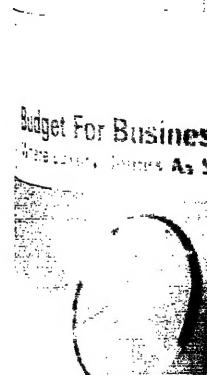
Interested firms can obtain more information and purchase the Bidding Documents from Ministry of Health - Department of Bidding - starting from December 4, 1996. Bidding documents can be purchased for a nonrefundable fee of 200 USD.

The deadline for submission of bids is 16 December, 1996 at 13:00 hours (local time). Bids should be submitted to the Registration Office of the Ministry of Health, on or before the time established for the deadline.

Bids will be opened on 16 December, 1996 at 13:30 hours (local time).

Ministry of Health of Romania - Str. Ministerului 1-3, Sector 1, 70109 Bucharest - ROMANIA tel./fax (401) 615 61 92.





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ROMANIA

AMERICAN NEWS DIGEST

Four on price fixing charges

FINANCIAL TIMES WEDNESDAY DECEMBER 4 1996

A federal grand jury in Chicago yesterday charged three former top executives of Archer Daniels Midland with price fixing in the \$600m annual market for lysine, an animal feed supplement. A Japanese executive for Ajinomoto was also charged, while Cheil Jedang, a South Korean company, agreed to plead guilty and pay a \$1.25m fine for its role in the scheme.

The charges are the first in a two-year investigation of ADM's pricing practices in world markets for lysine, citric acid and corn syrup. ADM pleaded guilty in October to price-fixing charges and agreed to pay a record \$100m criminal line and co-operate with any further government

Ajinomoto and two South Korean companies - Kyowa Hakko Kogyo and Sewon America - also pleaded guilty and agreed to pay fines earlier this year, avoiding trial. The four executives indicted yesterday were not protected by those settlements. They are Mr Michael Andreas, ADM's executive vice-president and son of company chairman Dwayne Andreas; Mr Terrance Wilson, former president of ADM's corn processing division; and Mr Mark Whitacre, former president of ADM's bioProducts division, who acted as a government informant in the

Mr Kazutoshi Yamada, managing director of Ajinomoto and a resident of Tokyo, was also charged. If the cases proceed to trial, secret video tapes of meetings where price-fixing was allegedly discussed could be introduced as evidence. ADM issued a statement of support for Mr Wilson and Mr Andreas. Laurie Morse, Chicago

Bloc Quebecois leader quits

Tensions in the Bloc Quebecois, the party representing Quebec separatists in the Canadian parliament, have burst into the open with the resignation of Mr Michel Gauthier, the BQ's leader. Mr Gauthier, who held the job for only nine months, is also leader of the official opposition in the House of Commons, the BQ having captured 54 out of 295 seats in the 1993 general election.

The BQ has struggled since the departure last year of its charismatic founder, Mr Lucien Bouchard. Now premier of Quebec, he has undercut the BQ's raison d'etre by playing down the drive for independence in favour of deficit-cutting and other economic issues. Although the BQ remains the most popular federal party in Quebec, support for the Liberals, led by Mr Jean Chrétien, prime minister, has gradually risen. Mr Gauthier will remain at the helm until next March. Bernard Simon, Toronto

Fraud convictions overturned

The legal battle that followed the collapse of the US savings and loan industry in the late 1980s has reopened with the overturning of more than 70 convictions for fraud and rucketeering made against Mr Charles Keating, former head of the Lincoln Savings and Loan Association

Ms Mariana Plaelzer, the federal judge who sentenced Mr Kenting in 1993, ruled on Monday in a Los Angeles hearing that his convictions were tainted because three of the 12 jurors in the case knew about a previous conviction against him. Total losses to taxpayers from the collapse of Lincoln, which had invested in high-risk land, hotel and securities deals, were estimated by the government at \$3.4bn, Mr Kenting's earlier conviction, for swindling elderly investors, was made in 1991, and overturned in April this year because of errors in the judge's instructions to the jury. Mr Keating yesterday said he was John Authers, New York

MasterCard sues Amex

MasterCard International, the card association, yesterday stepped up the legal battle over attempts by American Express, its competitor, to build relationships.
It sued both Advanta, a Pennsylvania-based bank, and

American Express, claiming that a promotion which offered American Express loyalty bonus points for purchases made with MasterCard cards infringed its trademark. American Express, which has changed its long-term strategy of direct sales in recent months in favour of trying to work through banks, described the move as "anti-competitive".

It has already successfully taken on Visa in legal actions over its right to do business with banks in the EU

US indicators show moderate growth

working week, fewer orders All regions of the

By Gerard Baker

in Washington Fears the US economy might be entering a fresh phase of accelerating growth were dampened yesterday with the publication of two

expansion remains moder-The index of leading economic indicators, published by the Conference Board, a private sector research group, nudged upwards in October. The index, a good predictor of economic conditions in six to nine months' time, rose by 0.1 percentage point to 103.6. It was the

which the index has and reduced applications for increased, and followed a building permits. revised 0.2 percentage point gain in September.

The report measures a range of indicators that point to the future pace of economic activity. Sharp and autumn. reports suggesting the increases in equity prices and a faster rate of new orders for consumer goods were the principal factors behind the increase in October, but there was also steady growth in commodity prices and order backlogs. spots were a shorter factory

ninth consecutive month in for new plant and equipment country reported falls.

The Conference Board's indices of coincident and lagging indicators both fell in October, reflecting the slowing of demand in summer

Meanwhile, the Commerce Department reported a big drop in new home sales in October. Sales fell to a seasonally adjusted annual rate of 714,000, a decline of 8.7 per cent from the previous month, the sharpest fall in while unemployment benefit seven months. That followed claims fell. The only weak a downward-revised 4.5 per

But both reports suggest

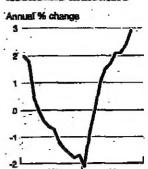
the economy continues to enjoy a moderate rate of expansion in the final few months of the year, with little risk of inflation. The fall in new home sales represents a cooling-off from rapid growth in demand earlier in the year while the

points to a continuing gentle rate of growth. Gross domestic product per cent in the second quarter, setting off alarms that growth might prove unsustainable. But the rate slowed cent decline in September.

September period, more in 11S Index of Leading line with the economy's Economic Indicators long-run potential.

That deceleration was sufficient to dissuade the Federal Reserve from raising interest rates over the last three months. Most indicators so far in the final quarter of the year suggest the slower pace is continuing, index of leading indicators placing no pressure on the central bank to tighten monetary policy at the next meeting of its policy commit-

grew at an annual rate of 4.7 tee in two weeks. Fears persist that rapid growth in consumer spending could put upward pressure on prices and much to 2 per cent in the July to attention in the next month



will focus on the perfor-

President Zedillo sacks his chief law enforcement officer after a series of embarrassing leaks

Setback for Mexican drive on judiciary

hen President Ernesto hen President Ernesto Zedillo appointed his attorney general from an opposition party on taking office two years ago he was underlining a commitment to an independent

The sacking on Monday night of his chief law enforcement officer following a series of setbacks and embarrassing leaks in the investigation of two prominent political assassinations is a blow to that

Mr Antonio Lozano Gracia was the only member of the opposition National Action party (PAN) in Mr Zedillo's cabinet, and it turned out to be a controversial appointment. Mexico's ruling party bitterly resented the loss of such a prominent post to an opposition figure: the attorney-general is also the country's top anti-parcotics officer. From the outset, Mr Lozano was subjected to smear campaigns and weekly protests outside his offices

by members of the Institutional Revolutionary party (PRI). Mr Lozano was replaced by Mr Jorge Madrazo Cuellar, an indepen-

dent lawyer who headed the government's Human Rights Commission. Mr Madrazo has earned a reputation for thoroughness, particularly after exposing doctored video-tapes which attempted to cover up police involvement in a peasant massacre in the state of Guerrero last year.

Mr Lozano's dismissal on Monday appears to have caught both him and Mr Felipe Calderon, the PAN leader, off-guard. But given the distrust Mr Lozano provoked within the PRI, it did not altogether come as a surprise. Mr Calderón said Mr Lozano's

dismissal was typical of Mr Zedillo's "insensitive, disorderly and inopportune" handling of government affairs. He praised Mr Lozano for his efforts to root out corruption within the crime and anti-nar-



Zedillo: unhappy outcome

cotics squads under his command. Government officials denied Mr Lozano's dismissal had been prompted by party political considerations ahead of Mexico's midterm elections next year. They said Mr Lozano was fired for incompe-

results in the murder investigations," a senior government official "The constant leaks to the press caused a lot of damage. They undermined Mexico's image

Mexico, the official said, had lost important extradition cases because of the attorney-general's shoddy legal work. Incompetence had also allowed several fugitive hankers and businessmen, wanted in Mexico for multi-million dollar frauds, to evade extradition. "The president expects a better handling of the business of the attorney-general's office," he said.

Mr Lozano was assigned the task of solving two highly sensitive political assassinations. Mr Luis Donaldo Colosio, the ruling party's presidential candidate, was shot while campaigning in the northern city of Tijnana in March 1994. Six months later, Mr José Francisco Ruiz Massieu, the PRI secretary-

broad daylight outside a Mexico City hotel.

Mr Lozano failed to unravel either case. His prosecutors tried to prove Mr Colosio's murder was the product of a conspiracy, but saw their cases against several suspects collapse in court. Four successive special prosecutors have now handled the Colosio investigation, with no visible results except the imprisonment of one confessed gunman.

The inquiry into the murder of Mr Ruiz Massieu, which led to the arrest on murder charges of Mr Raúl Salinas, the elder brother of former president Carlos Salinas, has also floundered from lack of hard evidence.

Mr Pablo Chapa Bezanilla, the special prosecutor in the Ruiz Massieu case, was also fired on Monday amid allegations he had tampered with evidence and coaxed

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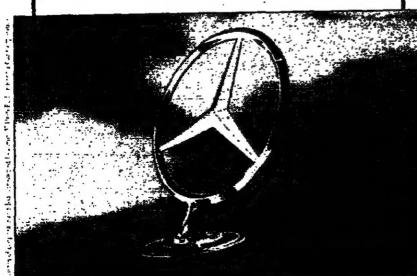
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Africans join the scramble for UN top job

Clutch of candidates emerge as OAU abandons support for Boutros Ghali

By Michael Littlejohns, UN Correspondent in New York

The decision of the Organisation of African Unity to abandon its exclusive backing for Mr Boutros Boutros Ghali as its candidate for secretary-general of the United Nations has opened the field to other African candidates.

While the OAU backed the reappointment of Mr Boutros Ghali, who was vetoed by the US a fortnight ago, other African aspirants had been unable to let their names go

Half a dozen of them, peran opportunity to make their bid. The OAU move was motived by fears that Africa

By Bruce Clark and Peter

Wise in Lisbon and Judy

Mr Benjamin Netanayhu,

the Israel prime minister,

vesterday claimed Israel's

economy would quadruple in

size and could become one of

the 15 richest nations in the

Speaking at the European

world by 2010.

Dempsey in Jerusalem

Mr Boutros Ghali was pressed to the exclusion of

What appears to be shaping up is a fierce contest not only among individuals but also between the US and France. The Sorbonne-educated Mr Boutros Ghali was the candidate of his socialist friend President François Mitterrand five years ago. He won largely because, at the time, neither the US nor Britain could come up with an alternative African acceptable to all five perma-nent members, including

Although candidates from haps more, are waiting for all parts of the world are still in the running. Africans believe it is their turn to provide a secretary-general as risked losing the top UN job every other region has had if the case for reappointing at least two turns at the job.

result. His words could ran-

kle those back in Israel,

where industry and foreign

investors are waiting for Mr

Netanyahu to put aside his

rhetoric and deliver on his

election promises of capital

markets reform, privatisa-

tion and a commitment to

Mr Netanyahu said his

security conference in Lis- country's population and had grown 30 per cent this

bon, a largely political gath- gross domestic product per year compared with 1995,

ering, he said his vision of capita would both double by and gross fixed capital

the future was based on the year 2010 as foreign investment was up 12 per

Israel's commitment to investors, confident of cent, despite big budget cuts

cut the budget deficit.

which prosperity would peace, rushed to take part in



The problem is that no candidate wants to be seen as too much of a favourite of especially not the US, which has gone out of its way not to propose anyone or even indicate any preference. However, two potential

candidates among those most often mentioned are believed to find favour in Washington. They are Mr Kofi Annan of Ghana, a

And in a strident rebuttal

of the widespread charge

that his government was

stalling on reconciliation, he

eign investment was a sign

of international confidence

stability. Foreign investment

in his country's continuing

said the steady rise in for-

logical revolution".



career UN official who heads peacekeeping operations; and Mr Olara Otunnu, a forand now a citizen of the Ivory Coast who is serving

Peace Academy.
As president of the Security Council in 1971, Mr Otunnu devised an ingenious formula for breaking the deadlock after China

an "unprecedented techno- of bombings earlier this year Israeli finance minister, yes-

and the violence between

Israeli and Palestinian

forces, the Mishtanim, the

100 share index of the Tel

Aviv Stock Exchange, has

lost over 12 per cent as for-

Furthermore, no budget

cuts have been introduced so

far and analysts have

pointed out that the budget

deficit for the first 10 months

of 1996 reached Shk9.8bn

remained on the sidelines.

Netanyahu predicts big boost to Israeli economy

York-based International



used its veto 16 times to

block the reappointment of Mr Kurt Waldheim. Mr Otunnu determined through a straw poll that Mr Javier Pérez de Cuéllar of Peru as president of the New could win. He was duly appointed and Mr Paolo Fulci, the council's Italian president, may well repeat the device in the next few

In the meantime, more

terday confirmed the deficit

would this year exceed 4 per

cent of gross domestic prod-

uct, making it more difficult

to introduce budget cuts

aimed at bringing the deficit

eign investors have down to the government's a deal which he described as

target of 2.8 per cent of GDP

peace and prosperity hap-

pen," added Mr Netanayhn.
"The prosperity will

next year.

kina Faso under the auspices of President Jacques Chirac of France, who is desperately eager to retain the UN post for an official fluent in

Britain, however, is among members making the case that since a francophone African has had five years there is no reason why fluency in French should be obligatory for any successor from a multilingual conti-

The French are said to be satisfied with Mr Annan's linguistic credentials and Mr Otumnu is also thought to be acceptable. But Mr Amara Essy, foreign minister of the Ivory Coast, is a declared candidate, making it difficult for his adoptive compatriot to run, unless Mr Essy is

Mr Hamid Algabid of Niger, secretary-general of the Organisation of the Islamic Conference; Mr Salim Ahmed Salim of Tanzenia, head of the OAU secthan 40 African heads of retariat and a former candi-sion-

Mr Dan Meridor, the that cannot be resolved if peace and said fresh violence is a decision on the could break out because of

there is a decision on the Palestinian side to resolve

it." He insisted the Palestin-

ten side was holding up final

agreement on the Israeli

army's withdrawal from the

West Bank town of Hebron -

However, European diplo-

mais gave a more downbeat

assessment of the Israeli

leader's meetings in Lisbon.

Mr Jacques Chirac, the

make a gesture towards

98 per cent complete.

strengthen the peace and the French president, is under-peace will strengthen the stood to have pressed him to

and Mr Wally N'dow of Gambia, secretary-general of the UN agency Habitat, are all considered potential contenders.

Senegal has diplomatic relations with Taiwan. which would count against Mr Niasse Mr Salim is reported to be reluctant to enter the race, having been vetoed previously by the US in retaliation for his successful efforts as a UN delegate to thwart American designs on the China representation

issue 25 years ago. Also mentioned is Mrs Graca Machel, widow of the first president of Mozambique, but African officials say she has little interest in becoming the UN's first

woman secretary-general.
Whoever it is, Mr Fulci and Mr Razali Ismail of Malaysia, president of the General Assembly, which must endorse the eventual nominee, have both set a deadline

the lack of progress.

estinian side.

Mr Chirac also called for a

resumption of talks between

Israel and Syria, and warned

that fresh Israeli settlements

on the West Bank were send-

ing a "bad signal" to the Pal-

Mr Netanyahu said the

Osio peace accords did not

deny Israel the right to

establish settlements - and

that his government was

proceeding more slowly with

NEWS DIGEST

INTERNATIONAL

database talks

Sports fans, scientists. librarians and software developers in the US have formed an unlikely alliance to oppose a proposed treaty to protect at a United Nations conference in Geneva

The critics say the draft treaty is too sweeping and could inhibit scientific and technical research, restrict access to information, and inhibit development of the Interpet.

The draft pact, one of three due for adoption at a World Intellectual Property Organisation conference that runs to December 20, would establish a special form of protection for databases even if they did not contain copyright material, provided they involved a "substantial

investment" of resources. Opponents of the draft complain it has been "hijacked" by a few database compilers, notably West Publishing a Canadian company with a virtual monopoly on publishing US court opinions, and has not been subject to proper

review and discussion. Noting that there are no provisions for "fair use" or other exceptions allowed for in copyright law, they argue that the treaty as drafted could give database owners monopoly rights over the facts contained in the

Thus West Publishing could insist that any users of US court opinions must seek authorisation. Frances Williams, Geneva

Elf and Total in Iraq negotiations

Elf Aquitaine and Total, the French oil and gas groups, have confirmed they are in talks with Iraq to buy crude oil under the United Nations oil-for-food plan. Neither company, however, has so far signed a contract.

Total yesterday said it was negotiating to buy 30,000 b/d. Elf declined to seeking from Baghdad. Under the UN plan, Iraq will be able to sell \$2bn-worth of oil every months.

had signed 50 deals to sell crude oil, although it has not named any buyers. Officials in Baghdad said loading of the first tankers could begin as early as next week. Don Owen, Paris, and Robert

Iraq yesterday said it

DuPont seeks to reverse fall in global price of key chemical

producer of titanium dioxide, is to raise its prices on January 1, in an effort to lift the huge commodity industry out of the

Titanium dioxide, global sales of more than \$7bn a year, is the main ingredient in paint and paper coatings. It is also used to colour plastics. Prices for the chemical have fallen sharply this year, largely due to

expanded manufacturing plants during a period of stagnant demand. With suppliers competing for customers, US prices have fallen by 13 per cent and European prices by nearly 20 per cent.

This has knocked profits at chemical companies such as DuPont and ICI, as well as SCM, which was spun off by Hanson this year into Milleonium Chemicals.

SCM has already tried to increase prices, in an effort to reassure investors of the strength of its business ahead of Millennium's October flotation. But a price rise due on the day of the flotation proved impossible to implement, said Mr Bill Landuyt, chief

DuPont may fare better. It holds 25 per cent of the world's titanium dioxide market, compared with 14 per cent by ICI and 12 per "If anybody can get a price

ise, it will be DuPont," said Mr Roger Pechey of chemical industry consultants Harriman Chemsult. DuPont plans to increase its US prices by 4.5 per cent

on January 1, and European prices by between 5 and 8 However, it will not be

least the second quarter of

The company estimates that Asian titanium dioxide demand fell by 1.5 per cent this year.

chemical has always grown in the region, and producers had been forecasting regional demand growth of 7 per cent a year from 1995 until 2000.

The region is beginning to show signs of becoming a mature economy," said Mr David Young, marketing manager for DuPont's white pigments business. This year's slowdown in South Korea and Taiwan had depressed sales by more than the continuing expansion in south-east Asian economies, he said.

At the same time, demand was stagnant in Europe, and fell by an estimated 1.2 per cent in North America. Only in South America, which accounts for about 5

per cent of the global market, was there any growth in demand - by an estimated 8.3 per cent. The pain, for producers, is becoming unbearable. Titanium dioxide prices had

declined by unrealistic

Many chemical companies were running their titanium dioxide businesses at, or close to, a loss. "Prices need to rise significantly if producers are to survive and invest for the future," he

However. analysts suggest that a unlikely while there is such considerable over-

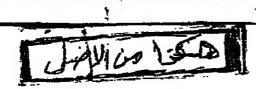
supply. Historically, titanium dioxide prices have only risen when producers were using more than 87 per cent their available manufacturing capacity.

about 85 per cent, despite lifting prices in Asia until at plant closures and delayed expansion plans aimed at

Currently, they are using

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NEWS: WORLD TRADE

IT tide washes away at tariff defences

Guy de Jonquières explains the forces driving towards freer trade in information technology

ends of government ware, which generate world guard efforts to retain tariffs will not only limit the scope IT tariffs, and US officials reached, it could give rise to seldom get person-ally involved in \$500bn a year. international trade negotiations. So President Bill Clinton's appeals to fellow Pacific Rim leaders last month to back a proposed agreement to free global trade in information technology (IT) products are powerful evidence of how badly

the US wants a deal. The effectiveness of Mr Clinton's diplomacy, at the Philippines summit of the 18member Asia Pacific Economic Co-operation (Apec) forum, should soon become clear. The test will be whether World Trade Organisation ministers can agree next week in Singapore to abolish tariffs on most IT products by the year 2000.

That would be the biggest liberalisation package ever assembled for one industry. It would span products. including semiconductors, computers, telecommunica-

It would also boost the WTO, where other recent Dutch Philips group has ing countries, such as Korea ther. "single-sector" negotiations, aimed at liberalising financial services, telecommunications and shipping, have yielded disappointing results. An important reason was that pressure from domestic producers led Washington to balk at agree-

But many IT companies in the US and Europe are pressing for a WTO deal After months of delaying tactics by Brussels, and ill-tempered exchanges with Washington, a transatlantic consensus is emerging on an outline accord. It is likely to be backed by Japan, which has already scrapped most IT tariffs.

However, a comprehensive package is not yet in the bag. Some companies on both sides of the Atlantic tions equipment and soft- have been mounting rear-

markets. For instance, persistent lobbying led by the kept consumer electronics out of the talks entirely.

Brussels has rejected Philips' pleas to exclude digital video discs, as well as Rank-Xerox's demands that EU tariffs stay on office copiers. But Xerox, Rank-Xerox's parent, is still lobbying in some US component makers and Corning, a leading producer of optical fibres and television monitors.

Washington also chides the EU for reluctance to liberalise software, notably on CD-Roms. Brussels say it is ready to remove tariffs on computer programs, but that US demands to have recorded music and films included in a WTO agreement go too far.

If the US and EU insist on too many exceptions for their own industries, they have already scrapped many

and Malaysia, to open their markets further.

Solid Asian participa-tion is now seen as cru-cial. "The US and EU account for only half world IT exports. To succeed, a deal must cover about 90 per defence of US tariffs, as are cent of products," says a senior US official Brussels persuade the EU's members to abolish its IT tariffs, the highest in the industrialised

> world. But although Mr Clinton persuaded last month's Apec summit to endorse an IT deal; several Asian leaders there said the statement was so ambiguous that it committed them to nothing.

> In fact, countries such as Malaysia and Singapore

undermining their attempts have offered in the WTO an industry where technolto persuade Asian IT-export- negotiations to liberalise fur-

> However, Asian governments are anxious not to be seen to cave in publicly to pressure from Washington, particularly when US companies, the world's biggest exporters of IT products, are expected to gain most from a WTO agreement.

On the other hand, Mr Clinton has invested much believes broad Asian personal prestige in getting involvement is essential to an agreement. That could make it more difficult for the US to walk away from a deal, as it did in the WTO financial services talks.

The chances are that lastminute compromises will be struck on issues such as product coverage and liberalisation timetables. But with the five-day WTO ministerial meeting due to open on Monday, little time is left to wheel and deal.

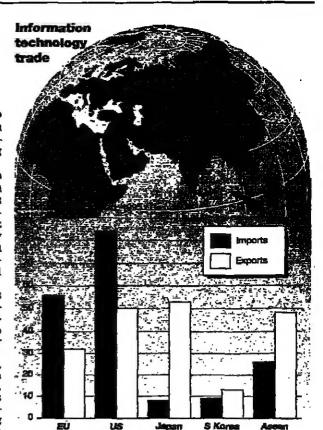
Even if an agreement is

seldom get person- trade valued at \$300bn- which protect their home of an agreement. They risk claim some Asian exporters conflicting interpretations in ogy is constantly blurring product definitions.

The US and EU plan to review regularly the way in which individual products are covered by the agreement. Nonetheless, that might not prevent lengthy haggling in cases which affected important commercial interests or powerful industry lobbies.

But some electronics industry executives say pressures for global liberalisation in the sector are too powerful to be resisted for

Mr Bruno Lamborghini, head of Eurobit, a European IT industry association, thinks companies such as Philips are deluding themselves if they are counting on continued protection to survive. "The fight to keep high tariffs on consumer electronics will be lost. In



the future, all FT products sumer products," he says.

could easily become con- See Information Technology

Hopes rise for UK-US air deal

By Ross Tieman in London

Efforts to reach an "open skies" agreement to liberalbetween the UK and the US when US Department of Transportation officials meet their UK counterparts for three days' talks.

For the first time, airlines will be allowed to send observers to discussions. The last round of talks broke down earlier this year, partly over British demands that UK carriers be allowed to fly passengers within the

The outcome of the talks has become embroiled with slots at Heathrow Airport, the battle by British Airways already heavily congested. and American Airlines to That would rise to 42 per win official approval for cent if the alliance their proposal to form a American is approved. global alliance. This would give BA/Amer-

ican more than 60 per cent of ican to surrender 80 per cent traffic between the US and UK, the world's busiest air route. Rival airlines have protested at the alliance and have been pressing for improved access to take-off and landing slots at London's Heathrow Airport and elsewhere, to ensure effec-

Department of Trade and Industry may help break the six at Chicago and 12 at JFK log-jam by soon announcing proposals from Mr John Bridgeman, UK director-general of fair trading, on which the BA/American alliance could proceed.

If that issue can be resolved, UK officials will

remain under pressure from Virgin Atlantic, the secondlargest UK airline on transatlantic routes. Mr Richard ise civil aircraft traffic Branson, Virgin's owner, wants open access to carry reopen in London today, passengers in the US as the price for concessions.

The US Department of Transportation remains committed to obtaining open access to UK airspace and airports for US carriers. According to officials: "The UK is our largest aviation partner; we are not prepared to settle for anything less." Lobbying in the run-up to the talks has become highly charged. BA controls 38 per cent of take-off and landing

Yesterday United Airlines said it wanted BA and Amerof their take-off and landing slots at Heathrow as the price of any alliance.

It also wanted BA and American to make room at Chicago and New York's John F Kennedy airport for extra flights by other air-

proposal would Hopes exist that the UK involve transferring 30 daily slots at London Heathrow. to rivals. United would support an "open skies" pact on these terms and withdraw objections to a BA/American alliance, a United executive

> US/UK air talks, by Richard Branson, Page 14

Toymakers accused of ignoring factory code

By Paggy Hollinger in London

Toy manufacturers are putting the lives of workers in third world factories at Christmas buying bonanza, according to a feading lobby

With the UK alone likely to spend up to £800m (\$1.3bn) on toys this month, Britain's World Development Movement is calling on consumers to put pressure on manufacturers to enforce safety and working condi-

tions in factories. The WDM has accused toy

manufacturers of merely paying lip service to a code of conduct agreed earlier this year in which they risk to satisfy the west's adopted guidelines to and employers, the WDM improve conditions in third said. world factories

"One year on from adoutchanged on the shopfloor." said Ms Aditi Sharma of the The organisation is urging

toy manufacturers to enforce the code through independent monitoring of factories, of worker exploitation from

including random spot checks on safety issues and working conditions. This would be carried out by bodies which included representatives of both employees

WDM since the code was ing the code, nothing has adopted in January shows that many factories which supply the world's biggest toy manufacturers are cutting corners to provide com-

Bvidence collected by the

The WDM cites examples

year-old girl was forced to The WDM points out that work day and night for three consecutive days with only two hours' break for lunch and dinner. Workers at another factory in Thailand 27,000 Chinese workers. "We are regularly fired after 119 days to avoid being paid benefits such as maternity leave

and sick pay.
The lobby group claims that 24-hour shifts in the run day sharply rejected the up to Christmas are not unusual in many Asian fac-

China, Thailand and the Phi- Christmas, when about half Toy and Hobby Association. lippines. In one case a 17- the sector's sales are made. Mattel, the world's largest toymaker, earns more in one hour of sales of the Barbie doll in the UK than it pays tions." pay more for a Barbie doll in

> the WDM said. Toy manufacturers yester-WDM's suggestions that the code was not being enforced.

the UK than a toy worker in

Indonesia earns in a week,"

which represents manufacturers' interests. "We refute any suggestion that the bulk extremely dangerous condi-Toy manufacturers were

not about to allow independent monitoring along the lines suggested by the WDM. Mr Hawtin added. "We do not regard that as indepenwas a job which should be "It is insulting," said Mr undertaken by the local gov-Toys are big business at David Hawtin of the British ernment, he said.

US tops poll on cultural exports

By Richard Tomkins

France may protest about US cultural invasion, but few French consumers put the quality of their own entertainment above that of the US, according to a poll published yesterday.

In contrast, the British emerge as the world's proudest nation when it comes to home-grown entertainment. believing their own television programmes, pop songs and movies to be far better than those of the US or any other country.

The findings come from the third annual survey of consumer attitudes carried out by Bozell Worldwide, the US advertising agency, and the Gallup Organisation, the US polling group. The survey's main purpose

is to find out how consumers in different countries rate the quality of manufactured goods produced by the world's largest exporting countries. Canvassing the views of 20,000 consumers in 19 countries, it claims to be the biggest poll of its kind. As in the two previous years, Japan tops the poll as

the country considered to produce the best quality goods, with 41.2 per cent of respondents considering its exports to be excellent or very good. Germany is next with 35.1

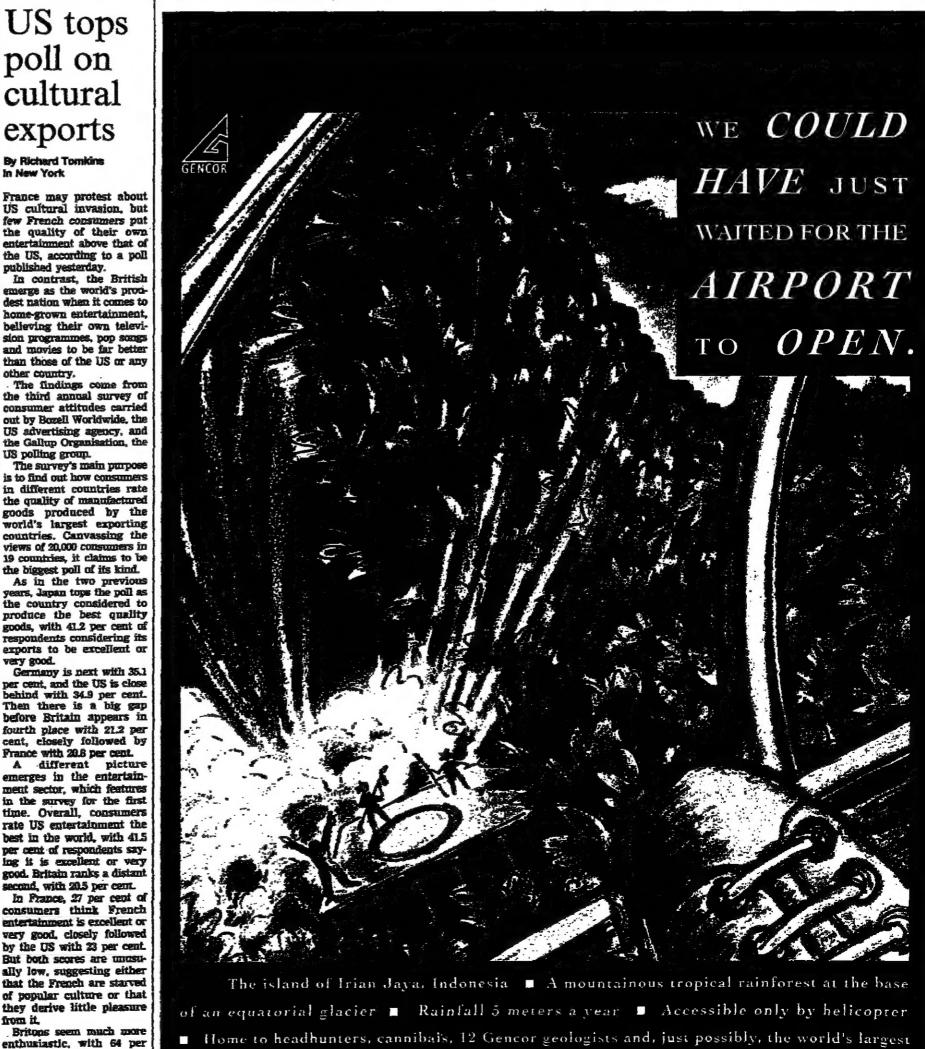
per cent, and the US is close behind with 34.9 per cent. Then there is a big gap before Britain appears in fourth place with 21.2 per cent, closely followed by France with 20.6 per cent. A different picture

emerges in the entertainment sector, which features in the survey for the first time. Overall, consumers rate US entertainment the best in the world, with 41.5 per cent of respondents saving it is excellent or very good. Britain ranks a distant second, with 20.5 per cent.

In France, 27 per cent of consumers think French entertainment is excellent or very good, closely followed by the US with 23 per cent. But both scores are unusually low, suggesting either that the French are starved of popular culture or that they derive little pleasure

Britons seem much more

cent of consumers saying that domestically produced entertainment is excellent or very good. The US is far behind, but still scores an above-average 46 per cent. Bozell-Gallup Worldwide Quality Poll. Boxell Worldwide, 40 West 23rd Street. New York, NY 10010-5201.



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WORLD TRADE NEWS DIGEST

US retreats on grain duty

The US yesterday withdrew its request for a World Trade Organisation panel to investigate European Union grain turiffs. The two sides are expected to try to settle the matter bilaterally. The US complaint relates to the EU's reference price system introduced in July 1995 for charging customs duties on wheat, rye, barley, corn, sorghum and rice. Washington wants duties charged on a shipment-by-shipment basis; Brussels says this is impractical.

The dispute settlement body was also told yesterday the report on Washington's complaint against the EU ban on hormone-treated beef, due shortly, would now be ready no later than next May. In another dispute, the US said it intended to change its rules on clean petrol to comply with a WTO ruling by the summer of next year. Venezuela has agreed to this timetable; Brazil, the other complainant, says it is too long. Prances Williams, Geneva

Spain-Morocco debt deal

The Moroccan government yesterday signed a debt swap agreement covering part of the \$1.36bn owed to Spain in official and state-guaranteed credits. The initial deal covers \$50m of loans which may be converted into Spanish private-sector investments in Morocco, and is expected to be extended later.

The state-guaranteed credits will be offered at a discount to Spanish bidders and used to finance approved projects. Morucco is seeking to reduce the burden of its \$21.5bn foreign debt and steer new investment into the David White, Madrid north of the country.

Canada dairy victory

Canada has roiled back a US effort to eliminate Ottawa's supply management system for dairy and poultry products. The US has twice complained Canada's high tariff protection for dairy and poultry products violates the North American Free Trade Agreement and WTO rules. A Nefta dispute panel has found Canada within its rights to keep tariffs on these products, under Mafta and WTO rules. The US will "pursue greater access to Canadian markets with vigour". Robert Globens, Montrea

Municipality may extend street closures and checkpoints to counter threat from IRA

City of London may widen 'ring of steel' Oil output 'to

The Corporation of London. the municipal authority for the City, hopes to push through its delayed plans for an enlargement of the protective ring around the City as police continue to warn of the threat of further attacks in England by the Irish

Republican Army. The scheme extends the City's street closures and security checkpoints which expected to approve the as environmental grounds. were set up after the bomb attack on Bishopsgate in 10-month consultation London might be a target for

The unarmed police who

Mr David Trimble, leader of the Ulster Féin, the political wing of the Irish Republi-Unionist party, said before a meeting in can Army, to accept British terms for enterin". Mr Trimble's party is the largest pro-British party in Northern Ireland. He hopes

vehicles entering the City icy and resources committee, are sometimes replaced by said yesterday that the armed officers. extension of the scheme was Corporation members are justified on security as well

extension tomorrow after a

Mr Michael Cassidy, chair-

Washington yesterday with Mr Anthony ing all-party talks about the future of Lake, national security adviser, that he Northern Ireland. Mr Trimble is accompanhoped President Bill Clinton would "drop ied by Mr James Molyneaux, former party leader. Irish-American activists have lobbied against a presidential meeting with such Irish Americans will put pressure on Sinn a high-level anti-nationalist as Mr Trimble.

> Although the City of London police are understood to have received no recent warning of an imminent IRA "The risk that the City of attack, the force has been on heightened alert since the the IRA remains high ... and paramilitary organisation in the run-up to Christmas, ended its ceasefire in Febru-

the Docklands district to the east of the City.

three years.

A spokesman for the City police said last night that the force backed the extension of the so-called "ring of steel" which has contributed to a 16 per cent reduction in crime levels over the past

Approval of the scheme on Thursday will in the short term lead to some additional streets being closed off, and the introduction of temporary plastic bollards.

The City of London's police strategy, however, is based on a flexible and make random checks of man of the corporation's pol- there is always special con- ary with a bomb attack in changing pattern of manned

IRA intelligence. Police have been relying on the increased use of closed circuit television and closer co-ordination with security officers employed by companies operating in

the City. Mr Cassidy said that the Corporation had received objections mainly from a "number of car users" whose offices are near the two additional security checkpoints which are planned for Ludgate Hill in the west of the City and Broadgate in the

checkpoints to avoid security being undermined by break records'

UK oil production is expected to rise by 210,000 barrels a day next year to a record 2.78m b/d, says a study by Wood Mackenzie, the Edinburgh-based oil consultant, Total North Sea output is expected to rise even faster, to a

record 6.47m b/d as a result of an estimated 6 per cent increase in Norwegian production. But growing North Sea output, one of the most important factors in setting world oil prices, is unlikely to meet the expected rise in worldwide demand next year. That, the study concludes, means there will be room for Iraq to resume exporting oil with just a "limited impact" on prices, which have been buoyant since August.

The Norwegian state, which has a direct stake in that country's oil fields, and Statoil, Norway's state oil company, are expected to remain the biggest North Sea producers next year. They will be followed by Shell, the Anglo-Dutch group, British Petroleum and Exxon of the US. The upbeat North Sea forecast follows lower than expected output this year, which Wood Mackenzie describes as "disappointing". UK production in the first half of the year averaged 2.53m b/d, well below the consultant's forecast of 2.66m b/d, as a result of delays to some new fields and unforeseen operational and maintenance problems at existing platforms.

The study says average production for the full year will be flat, at 2.57m b/d. But the negative financial impact of lower output has been offset by this year's sharp rise in oil prices, brought about in part by the North Sea production shortfalls.

Offshore UK oil output

Barrels per day (m) ..

Commodities, Page 2

■ BROADCASTING DISPUTE BBC prepares case on digital TV

The BBC is preparing a powerful case to try to persuade the government that tighter regulations are needed to govern the introduction of digital television in the UK. The BBC, the public service broadcaster, wants fair trading obligations to be enforceable immediately on whoever operates the black box needed to convert the digital television signals. This should happen, the BBC believes, when specifications and contracts with broadcasters are being developed and not afterwards.

The BBC will also argue that set-top box operators such as British Sky Broadcasting, the satellite venture, should be obliged to licence their proprietary standards in the box to bona fide broadcasters subject to security safeguards administered by Oftel, the telecommunications regulatory body. Raymond Snoddu

■ PARTNERS' ASSESTS

Liability law receives approval

Jersey's controversial limited liability partnership law ceived the approval of the UK Privy Council and should come into force early in the New Year. The island is the largest of the Channel Islands between England and France and has its own legislature with law-making powers. The legislation offers the members of big partnerships protection for the personal assets of partners in the event of a claim being against the firm. Several organisations, including accountants Price Waterhouse and Ernst & Young, have indicated that they will register in Jersey as LLPs.

HOME SHOPPING

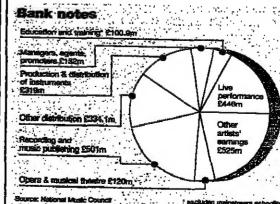
Eddie Bauer proposes venture

The growing fashion for catalogue shopping in the UK has prompted Eddie Bauer, leading US casual wear retailer and mail order group, to launch a joint venture with Grattan, the UK's fourth biggest home shopping company. Eddie Bauer, which claims sales of about \$1.5bn in the US, plans to launch four upmarket casualwear mail order catalogues by 1999 in conjunction with Grattan. It is also planning to open three retail outlets in London and

Manchester next year. The Seattle-based company is best known for its distinctive outerwear and accessories and has virtually become a lifestyle brand in the US. Eddie Bauer is owned by Speigel, one of the largest US mail order houses, and has 440 outlets in the US. It also has stores in Japan, Germany and Canada.

MUSIC

Net output \$4.2bn last year



The UK music industry generated "value-added", or net output, of £2.5bn (\$4.2bn) last year, according to a survey compiled by the National Music Council. This made it a bigger contributor to the economy than chemicals, water supply and electronic components. The money came from a variety of sources including record sales, receipts from live performances, musical instrument production and music publishing royalties. About 160,000 people were involved with the industry and generated the equivalent of 115,200 full-time jobs.

■ GIBRALTAR

Ex-minister to be governor

Sir Richard Luce, former minister in the UK Foreign Office, is to be governor of the UK colony of Gibraltar at the southern tip of Spain. The fact that Sir Richard takes over from a succession of military governors could sug-gest a greater emphasis on political issues such as relations with the European Union and Spain. The UK and Spain have been unable to reconcile their conflicting sovereignty claims over Gibraltar.

N Ireland business tops performance league

By John Murray Brown in Dublin

A survey of Northern Ireland companies by Coopers & Lybrand, the accountancy firm, emphasises top of the UK's performance league due to strong marketing, improved exports and tight costs control," said Mr Stephen Kingon, managing partner at Coopers. Executives in Northern Ireland

are paid less than their counterparts elsewhere in the UK, the by 35.9 per cent remuneration for any rises have declined from report says. It adds that women account for 35 per cent of finance managers compared with a the region's new competitiveness. national average of 12 per cent, "Northern Ireland remains at the one explanation being that more women are qualifying as accoun-

> The results of a survey of 391 of the region's corporate sector in containing personnel costs.

While pre-tax profits increased the highest paid directors rose by an average of 5.9 per cent. This is ahead of inflation, which is running at around 8.5 per cent, but less than salary increases in the UK as a whole, the report says.

The increases compare with an average of 7.8 per cent, in basic companies underscore the success salary and annual cash bonus, awarded at FT-SE 100 companies

In Northern Ireland, annual salalmost 8 per cent in 1990 to a low of 2.8 per cent in 1994. This edged up in 1995 and 1996, reflecting the increased profitability of business are damaging people, doing harm in the wake of the paramilitary to the individual and are harming

ceasefires. • People in Northern Ireland are doing too little to stop paramili-John Wheeler, the British minister year - 276 to November 25 against responsible for security in North- 217 for the whole of last year. John Wheeler, the British minister

"Whether they come from the Provisional IRA or the so called Loyalists it doesn't matter," he said. "They are cruel attacks, they everybody in Northern Ireland.

ern Ireland, said yesterday.

The minister spoke after government figures showed a sharp rise tary punishment beatings, Sir in the number of beatings this



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ter than the EU as a whole.

He made some attempt to

appear conciliatory on

reforms of foreign policy

decision-making. The UK

might back the German pro-

posal for a system of "con-

structive abstention", by which a country abstaining

from a decision would not

prevent others pursuing a

joint foreign policy objective.

quite happy to block all

reform in this area, if other

countries insisted on

changes with implications

He detected some support

from France and Germany

for UK proposals to limit the

retrospective effect of Euro-

pean Court of Justice judg-

ments and to put a ceiling

reform of the common fish-

Mr Noel Dorr, the senior

IGC negotiations, made clear

yesterday that the Dublin

government was intent on

week's EU summit, Lionel

Barber writes in Brussels.

"We have not asked anyone

to sign up to the text as a treaty," Mr Dorr said. "It

serves as a working basis for

further negotiation."

on penalties.

aries policy.

for the use of the veto.

However, the UK was

several times.

NEWS: UK

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MARK SERVICE SERVICES

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Minister confirms isolation and sets stage for conflict Pro-Europeans score victory in cabinet EU treaty draft 'far too centrist'

Political Editor

The British government's other under negotiation, Mr virtual isolation in negotiations for a new European retain a veto over instances Union treaty was confirmed of countries pursuing inteyesterday by Mr David grationist ambitions. "We Davis, the foreign office minwill not accept any underister leading the UK's team. mining or dilution of the Giving evidence to the veto in any circumstances". Mr Davis repeated the point

House of Commons committee on European legislation. Mr Davis said the draft of the new treaty, which he expected to be unveiled to EU foreign ministers in Brussels on Friday, would be "far too integrationist and too centrist" for the UK.

The text, drawn up by the Irish government as holder of the EU presidency, will attempt to distil a consensus from the past year of negotiations at the intergovernmental conference.

UK opposition to almost every proposal would be very clear in the text, Mr Davis said. The government did not "remotely mind" if the draft named the UK as the main objector.

The stage has therefore been set for conflict at the EU government heads summit in Dublin next week, when the draft treaty will be top of the agenda.

Mr Davis gave a catalogue of proposed reforms from which the UK dissents. He also made no attempt to disguise lack of support for the UK's agenda. He said only the UK and

Denmark opposed proposals to give EU institutions. including the European Commission and the European Court of Justice, a far bigger role in setting justice and home affairs policy. The UK was implacably opposed to such a change, he added. Mr Davis highlighted the "big gap" between the UK

and Franco-German positions on so-called "flexibility", or how to allow groups

Forex dealers relaxed about changes

urrency traders in replace the lost business. the City of London, the world's biggest foreign exchange market, impact of European economic and monetary union.

The prospect of hundreds of traders being thrown jobless on to the street as currencies disappear overnight In this area, as in every does not scare them. "It's not going to make much dif-Davis said Britain aimed to ference to us," said Mr David Clark at Bank Gesellschaft Berlin, in London.

This confidence stems from the fact that the European currencies likely to be swallowed up in the euro the proposed single cur rency - make up only about 10 per cent of total turnover in London's \$464bn-a-day foreign exchange business. The loss of the European

currencies would simply push us back to 1998 levels," said Mr Graham Cocks at Piret National Bank Boston. He believes that the growth of the foreign exchange markets - which has been rapid over the last few years - would soon

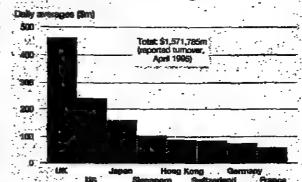
This could include the new euro, trade in which may expand quickly if the move to a single currency triggers faster growth in the

economies taking part. But while turnover has grown, banks' profits have not. Currency markets are extremely quiet by historical standards. Banks report that several institutions are laying off foreign exchange traders mainly because the volatility on which the business thrives is simply not there, especially between European currencies such as

the D-Mark, the French franc and the Italian lira. "Already we have in effect conetary union, with low volumes. So already banks are not generating large amounts of income from trading these markets," said Mr Avinash Persand, head of currency research at J.P. Morean in London.

Most banks in London have begun to look for other, more profitable trad-Many have begun trading

Foreign exchange trading



the more volatile correncies of eastern Europe, Russia, Africa. It is the breathtaking growth of these markets that dealers believe would quickly replace the business

Mr Michael Green, head of foreign exchange sales at Citibank in London, said: We are very much retooling and training to take a more active role in emerging market currencies than

One possibility raised by the onset of Emu is that financial centre if the UK were to stay outside the single currency in the first wave - which, at present,

seems most likely. In this case, other Euronean financial centres such as Frankfurt and Paris might gain by being part of Emu. They would be close to the institutions, such as the proposed European central bank in Frankfurt, which

would be central to the operations of the euro markets. But many experts in London believe that London will retain its position as the pre-eminent European financial centre.

"There is nothing to suggest that just because the ECB is in Frankfurt that all of Europe's foreign exchange business will gravitate to Frankfurt," said Mr

They believe that London has the "critical mass" of expertise and infrastructure which means it is best placed to exploit growth areas such as emerging markets. They point to the preponderance of French and German banks in London as a measure of the City's attractiveness.

"The opportunities in emerging markets will be hest exploited in London, where much of the business is already being done much more so than in Madfurt," said Mr Clark.

Graham Bowley

Premier deals blow to Eurosceptics

By Robert Peston in London

Mr John Major, the UK prime minister, yesterday But he confirmed that the attempted to eliminate any British government would not hesitate to veto the suggestion that the governing Conservative party will entire package of treaty reforms, scheduled for final campaign in the coming genagreement in the middle of eral election for sterling to next year, unless the UK remain outside a single currency for the lifetime of the obtained exemption from the working hours directive and next parliament.

This came as a bitter blow to his Eurosceptic backbench colleagues, although Irish diplomat chairing the Mr Major's close colleagues insisted that his rhetoric would increasingly signal that joining in the first wave avoiding a clash at next was highly unlikely.

It was clear last night, however, that the two most pro-European cabinet members. Mr Kenneth Clarke, the chief finance minister, and Mr Michael Heseltine, the deputy prime minister, had

Riforts to secure a 25m (\$8.4m) government grant for a European railfreight terminal in south Wales will intensify today when Cardiff city council is expected to give planning consent, Roland Adburgham writes in

The promoters of the terminal hope £12m

Cardiff.

secured an important vic-Mr Heseltine made a significant intervention early vesterday, as signs emerged that the government's "wait and see" approach was

The previous day, an unsourced article in the Daily Telegraph newspaper prompted speculation - even among senior cabinet ministers - that the prime minister was poised to rule out

starting to unravel.

approval will put pressure on Mr William Hague, chief minister for Wales, to close a funding gap. They accuse Mr Hague of months of delay in making a decision and of putting the scheme in

Funding may also be available from the European

sterling joining a single currency. Ministers believed that Mr Major had been giving himself room for manoeuvre during the previous irw months.

But such a policy change would have prompted Mr Clarke to quit "on the spot", according to one of his colleagues, so Mr Heseltine moved swiftly to shore up his close ally.

At the regular meeting of EDCP, the cabinet commit-

nal - which allows goods to be transferred from road to rail - with direct services to the Channel tunnel between England and France. Many of the region's manufacturers have substantial exports to mainland Europe.

tee which sets the presenta-

South Wales lacks an

"intermodal" freight termi-

tion of policy, he informed colleagues that there would be no departure from the prime minister's statement of last April that the Tories would be "keeping our options open at the next gen-

Mr Heseltine then said in a radio interview: "The policy of the government is agreed by the cabinet...It was spelled out in the early part

the chancellor at Bournemouth in black and white language, and it is not going in the wake of these unam-

by the prime minister and

biguous remarks, MPs waited with great anticipation to what Mr Major would say in the House of Commons. Mr Major bluntly told Mr Tony Blair, leader of the opposition Labour party, that he agreed with the deputy prime minister. The prime minister's more

Eurosceptic friends were last night trying to put a brave face on what represents a significant reverse for them. "Whatever we feel about the merits of a single currency, it clearly makes sense for us to influence negotia-

tions on its merits," said.

By Simon Holberton The government yesterday sold virtually its entire portfolio of shares resulting from privatisations of utility ndustries for nearly £260m

\$434m

Utility

shares

sold for

(\$434.2m) in cash. The sale of shares and debt in the 10 utility companies puts receipts from privatisations this year at more than £4bn, well on the way to the Treasury's target for raising £4.5bn for 1996 from

uset gales. This is cash the Treasury needs for tax cuts," one City of London analyst observed. The sales yesterday are in ine with the government's policy of divesting itself of

residual shareholdings in privatised companies. The government is now eft with holdings in British Telecommunications and Mersey Docks and Harbour Company valued at about £100m in total. In addition it Power debt to redeem. Priva-

has about £160m of Scottish tisation of the Post Office remains contentious but may surface as a manifesto pledge from the ruling Conservative party.
The biggest sale yesterday was of film shares in British Energy, the nuclear utility,

11.2 per cent of the company. It sold the stake for 146p a share – well up on the 105p a share floatation price.

The government also sold its holdings in National Grid Northern Ireland Electricity, Scottish Hydro-Electric, Scottish Power. National Power, and Power-Gen. These were bought by Dresdner Kleinwort Benson. Merrill Lynch bought stakes in South West Water and Wessex Water, while ABN AMRO Hoare Govett bout 3.57m shares in Severn Trent, the water company.

The golden shares retained in the generating companies which allows the government to prevent an unwanted change of owner-ship - are unaffected.

of this year. It was reiterated Editorial Comment, Page 15 | Power to the People, Page 15

PRIZE

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress.

His life was characterised by original and radical thinking coupled with a search for new subjects and orthodoxies to challenge, particularly in the fields of industrial policy, third world development and the environment.

In his memory a prize has been established to provide an annual study/travel grant to enable the recipient to take a career break.

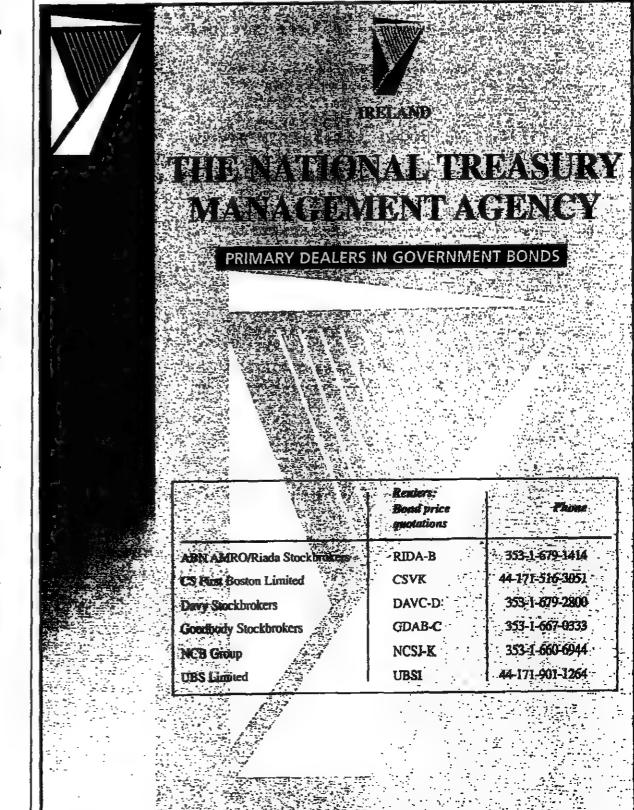
> In this, the sixth year of the prize, the theme is: "Home Truths from Abroad": A policy idea from outside the UK for the next British Prime Minister. The 1997 prize will be worth not less than £3,000.

Applicants, aged over 21, of any nationality, should submit a typed entry of up to 800 words in English, together with a brief c.v. and a proposal outlining how the award would be used to explore the theme further. Please keep David Thomas's interests in mind when writing both the entry and the proposal.

The award winner will be required to write a 1500 to 2000 word essay at the end of the study period. The essay will be considered for publication in the FT.

CLOSING DATE JANUARY 5 1997

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Germany is deregulating environmental controls as the economy takes priority, writes Leyla Boulton

A trailblazer fizzles out

once the world's "green" trailblazer, is nowadays accused by domestic critics of sacrificing the environment on the altar of business.

At a time when worries about competitiveness and unemployment are paramount in Europe's largest economy. Germany is seeking to deregulate environmental controls and cut business

Rather than deregulation. I would prefer to call it reregulation, which makes for a difference in perception," says Hendrik Vygen, deputy director-general of the federal environment ministry in Bonn. "Various studies have led to the conviction that we have maybe overdone things in terms of procedures. permits and authorisations."

Such nuances are lost on the government's critics. "This is what we call the Britainisation of Germany," says Monika Griefabn, environment minister of the state of Lower Saxony whose SPD party is in opposition to the federal government in Bonn.

The former Greenpeace campaigner compares what is happening in Germany to British pro-business deregulation efforts, social spending cuts and what she sees as an accompanying decline in quality of life. She, like Michaela Hustedt, who speaks on the environment for the Green party, argues that Germany's economic wellbeing will be secured by developing new green technology markets. "There is a growing perception that environmental protection has to wait for better times in the economy but we think better times will not come fast if they come at all." save Hustedt. She cites party's recent rise to Germany's third biggest party - with a real chance of entering a coalition government with the SPD after the next election - as a sign that green awareness in the country

Another critic accuses Angela Markel, the former east German physicist turned environment global warming, and another vol-

from the political agenda". According to one story circulat-

ing in Bonn, Helmat Kohl, the agreements, the norm in the chancellor, appointed Merkel as minister after Industry leaders at the last election demanded the head of her energetic predecessor Klaus Töufer, now construction minister. Officials deny this, but say that Merkel's low-key but still effective style is more suited to the times.

Opinion polls suggest that environmental protection is also perceived by the public as less of a priority than the economy. Yet the polls also show that a majority of Germans believe the world heading towards an ecological catastrophe unless it adopts more environmentally sustainable

But Hubert Herten, in charge of the German chemical operations of Akzo Nobel, the Dutch chemicals and textiles group, speaks for large sections

> Opinion polls suggest that environmental protection is perceived as less of a priority

of German business when he says: "Environment is no longer the only argument. You have to find a balance between environment and jobs."

A first reform step by parijament this summer aimed to simplify the environmental red tape for companies seeking to expand industrial installations. Peter Paziorek, a Christian Democrat member of parliament's said the move was crucial to demonstrate that environmental protection was not incompatible with com-

A voluntary agreement by the electricity industry to reduce carbon emissions associated with for the environment than

minister, of "contriving to make untary initiative by the car environmental issues disappear industry to recycle old vehicles, are cited as other signs of environmental deregulation. Such Netherlands, are seen as a cheaper alternative to overprescriptive regulation or taxing pollution

But already the critics claim that the electricity producers will not live up to their pledge of a 25 per cent cut in carbon emissions b▼ 2005.

The environment ministry such conclusions. Vygen believes that the agreement, which will be monitored independently by the RWI Institute, "now has teeth" and will achieve its objectives.

Executives at the sprawling Volkswagen headquarters outside Hanover, the capital of Lower Saxony, view the changes with satisfaction but want the government to go further. Rudolf Stobbe, head of environmental protection and works safety at Europe's largest carmaker, says another area which should be deregulated is pollution

He would like to see an overall limit for an entire plant for each type of emission rather than limits for individual sections of a plant ranging from the paint shop to the assembly line. Stobbe argues that this would help German companies compete more effectively with carmakers in neighbouring France, where companies have more flexibility in complying with overall poliution

Other items on Volkswagen's wish list, such as a lowering of tax on diesel engines on the grounds that the health risks of particulate pollution have been 'exaggerated", may prove less palatable politically than simplifying Germany's tangles of red

But in an argument that could easily have come from the mouths of US executives, Stobbe says companies which do more required by law deserve more



regulations.

However, changes in Germany so far appear mild in comparison to a backlash in the US against similar "command and control" regulations prescribing in detail how companies should comply with environmental standards.

In the US, the Republicancontrolled Congress elected two years ago has sought to gut whole areas of environmental protection. That backlash against regulation was halted by a surge of public concern about the environment, but the Clinton administration has pressed ahead with efforts to find more cost-effective

Most of the German government's critics agree that some change is needed. But they argue that the government is pursuing the wrong kind of reform while abdicating Germany's role as an international trafficaser.

Ernst von Weizsäcker, president of the Wuppertal Institute for Climate, Environment and Energy, despairs in particular at the government's failure to embrace ecological tax reform.

Such reform would cut payroll taxes with corresponding increases in taxation on energy consumption and environmental damage. This would help reduce both pollution and Germany's nigh labour costs simultaneously. argues von Weizsäcker. The concept enjoys the support of a wide range of politicians, econo mists, and some sections of business, not to mention the public. Industry, however, is lobbying

sacker, partly because it does not trust politicians to reduce payroll taxes, the quid pro quo for levying new environmental taxes. other reason is that "industry wants to fight for an overall reduction of taxes" rather than shifting the burden around.

He says the policy of not going ahead with ecological taxation without the rest of the European Union is a sign of Germany's abdication of its leadership role

Germany's obstruction of an EU energy efficiency directive at a meeting of energy ministers last year was another sign of this retreat, he says. Embarrassed officials say the decision did show some "inconsistency" but, says one: "you cannot get everything you want in government".

Gert Billen, director of Germany's Nature Conservation League, says the government should be focusing on making existing legislation more effective, for instance in the area of recycling. While Germany has the toughest laws in the world for the recycling of household ste, public opinion has been shocked to see some of it

exported to developing countries. "If you watch the news and see your plastic bottles ending up in Indonesia, you ask yourself what on earth you are doing."

High price of a green machine

Environment-technology makers are encountering several obstacles in export markets

ice to have but ugly to pay for," is how Peter Pritz, managing director of Preussag Noell, a German producer of environmental technology, describes his

The Wirzburg-based company is one of the main participants in a market whose size is a political issue in Germany. This is because assumed rich pickings in the field are cited as an argument for maintaining strict environmental regulations at home, to spur innovation by

There is wide disagreement on the size of the market. Wolfgang Kühnel, who follows environmental technology at the VDMA, the German plant and machinery builders' association, says the green technology market is "over-valued and over-judged". He blames consultants and lois of other more or less serious people [wbo] invent figures to talk about a market which is worth several billions of marks".

The association estimates the value of all foreign orders received by German companies at about DM700m (2371m) for 1994. In sharp contrast, the RWI institute put the industry's foreign sales in 1993 at DM11bn.

Whatever the true figure, at east two of the difficulties cited by German producers in winning export orders appear to be nnine. One is price. "The story is the same everywhere Companies want German technology for Italian or British prices," says Kühnel.

Pritz, who concedes that "we may have spent too much money developing technologies" believes that German compe will have to be "more creative" in cracking open markets. This will mean helping clients devise longer-term payback mechanisms for companies to

recoup their investments: The second big obstacle facing environmental technology companies worldwide is slow demand from potential clients who may yet have to enforce

strict new standards on air

pollution, waste disposal or water treatment. Even when there is demand for products in, for example, some of the richer, fast-growing economies of Asia, financing remains a problem. "If you want to go to Asia you have to bring the money with you. You have to do everything. It's not just a problem of standards," say Fritz. Although official financing is says the challenge is finding .

available, for instance from the KFW development bank, Fritz ways of getting paid by the ultimate beneficiaries of environmental goods and This means, for example,

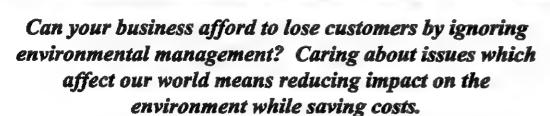
ass roots it

charging Chinese households higher prices for clean drinking water supplies or more environmentally friendly rubbish disposal. Critics of the industry argue that it needs to do more to adjust to the needs of customers in the developing world. Monika Griefahn, a former Greenpeace campaigner who is now environment minister for the state of Lower Saxony, says that "lodustry needs to develop simple and cheap technology which it can sell abroad". Birgit Homburger a member of the FDP party, the coalition partner to Chancellor Helmui Kohl's Christian Democrats, says German companies need to get out of a habit of offering only state-of-the-art wares.

She found during a visit to Malaysia, for example, that would-be German exporters were afraid of being seen to offer anything less than the best. They told us 'we don't have any prospectuses for older echnology'. I said 'do a new one'. They see the point but they have problems with their headquarters back home."

It is a message which has already trickled back to many boardrooms. "It is not necessary for us to spend money on more sophisticated systems," says. Fritz, "but to develop ones which we can sell in other countries."

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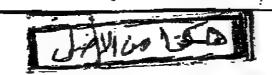


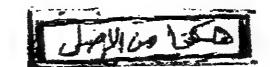
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South to See

Sir Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Ahna-Tadema (1838-1912), who was born in the Netherlands, but settiet in London in 1870. In Victorian England he became

1990s: to Apr 14

Television/Christopher Dunkley

There's no accounting for taste

supposed to be the truth? A hit of the truth? Or simply a compassionate attempt by Jimmy McGovern, creator of Cracker, to disgraceful that no one in the even things up a bit and make police force has been so much as those of his fellow Liverpudlians reprimanded for what happened who lost relatives at the 1989 soccer stadium disaster feel betdistasteful about this proter? Presumably the latter. It is, of course, a terrible story, and matters most is having somethere are moments of great poibody to blame and large gnancy as when a mother, amounts of money in compen unable to comprehend the loss of tion. It is a sad thought that in her daughter, cries "She only the victim culture of the 1990s went to a football match, for this may really be what people god's sake, she hasn't even tidied feel most strongly.

To this day what seems to is my memory going or did the rankle most in Liverpool is FT's own Jancis Robinson the claim by The Sun that those explain in her Wine Course on involved were a crowd of BBC2 a year ago why corks are drunken, thieving louts. That technically unnecessary for wine ems at best questionable. But bottles but likely to continue for emotional reasons? Did she explain what is meant by corked wine? And go into the question of how you make rose wine and which ones are particularly

between small traditional producers and the huge modern that day. Yet there is something undertakings? And have a look at labelling? If the memory is: gramme's message that what still fairly reliable, can anyone explain why, 12 months on, the same channel is covering the same points with another wine writer from another daily paper to Glack Glack Glack? Did HBC2 commission the entire Wine Writers Guild to produce one series each until the end of the millennium? Or what?

> Channel 4 has an admirable record in supporting worthwhile arts ventures, from the backing of young directors to the funding of the magnificent silent film restorations by Kevin Brownlow and David Gill. These began with the astounding Napoleon in 1980 and continued at this year's Lou

Of The Opera. Watching it in the on its own programme express-Royal Festival Hall, driven along ing what most of the andience but it's pitch dark up there". from climax to climax by a full orchestra under Carl Davis, you realised what an inspiration this movie was for Andrew Lloyd Webber when he wrote his stage version. The newly restored film will be shown on Channel 4 on December 28.

However, Channel 4's arts

sponsorship can cut both ways. Watching the coverage of The Thurner Prize you wondered why all three of those commenting on the competing works were so benign, why none of them would murmur so much as a vague reservation let alone a roar of laughter to match those of the viewers at home and the declaration "This is preposterous". But the reason, presumably, is that Channel 4 cannot bring itself to

Only the BBC could set the whole of the first 55-minute episode of a four-part series called Lines Of Jesus in India, a country notable for several major religious but not Christianity. This odd choice occurred, presumably, because the programmes are being presented by Mark Tully who is famous for having spoken out against the Rirtian revolution at the BBC, and even more famous for having been the BBC's man in India for 30 years. It puts you in mind of the mam who was found by a policeman peering at the pavement under a lamp post, saying that he had lost 10p. The policeman joined the search and after a while said

good? Did she visit various grow- don Film Festival with the 1925 fund the thing and then have "You're certain you dropped it "Sure - I dropped it up the road

> The first of BBC2's promised trio of "Monday night films" (i.e. 90minute television dramas) in "a Wicked Women strand" was Brozen Hussies, a sort of multicoloured live action cartoon about male strippers. Given what it must have cost it seems a pity that everything about it casting, locations, acting, direction, costumes, dance numbers. lighting - was so much better than the script. Robert Lindsay stole the acting honours as an ageing but priapic stripper. and his routine in the icing-st ar-pink ladies' loo was the high point of the show. Not had in a cast which included Julie Walters, Alun Armstrong, and Barbara Keogh, not to mention

Julian Clary on a trapeze. I said not to mention . . .

Many television producers seem to have a profound belief that there must be a way of making discussion programmes without a Paxman style moderator moving matters along and ensuring ers and explain the differences. Lon Chancy version of Phantom even one in three of the people here?" to which the man replied that only one participant speaks at a time. Not long ago we had a series in which two people with diametrically opposed views were supposedly stuck in a lift. Now we have A Room With Two Views on BBC2 in which two people with diametrically opposed views are stuck in a studio. What they do much of the time of course, is try to shout each other down. In the opening programme Chris Tame expressed reasonable and sensible ideas about pornography while John Jordan, an odd looking man with granny glasses, a multi-buttoned waistcoat, and a fixation on what he chose to call "wanking". revealed all sorts of anxieties and insecurities about sex. It might have been a fascinating discussion if only there had been a Paxman figure to keep ordet

Theatre

Grass roots in Ireland

aden with awards, Martin McDonagh's first play The Becuty Queen of Leenane new earlier this year - now arrives in the West End. "Most Promising Newcomer": "Best Fringe Theatre Play"; "Most Promising Playwright". McDonagh is a remarkably natural writer. No flashy cleverness here, no agitprop, no postmodern irony. Instead, charm; horror; fun; and pathos.

so does McGovern's picture of an

idvilic working class community

consisting entirely of Oxo

families, none of whose members

would allow a drop of alcohol to

WOLLOW

gramme all over again. Is this

her room™.

drama documentary

Hillsborough raises

the old questions

about this type of pro-

The Beauty Queen, though set in the present day, is not a modern play, Indeed, part of its point is the terrible unchanging stasis of provincial Irish life. Maureen is a lonely 40-year-old spinster who waits, hand and foot, on her malicious and hateful mother, Mag. Her longing for a man who will release her from this existence is at once reminiscent of Pegeen in Synge's classic The Playboy of the Western World.

Life in Leenane is dull, and the main neighbour we see is the bored, irritated Ray Dooley. But Ray's elder brother, Pato, brings Maureen home one night, and, at Most reminiscent of The when I'm over there in Lonand the young fellas cursing over cards and drunk and sick ... " Lovely stuff.

In its second half, The Beauty Queen becomes considerably more "dramatic", space, no doubt, the play's

The transitory nature of

theatre that is one of its

joys can also prove an

irritation, especially on

the fringe, where many produc-

tions scarcely make it onto the

boards before having to bow out again. With this in mind, BAC in

Battersea has taken to reviving

fringe hits for a second viewing.

One such is The Num. an adapta-

tion of Diderot's novel performed

Adapted sympathetically by

tale of a young nun in 18th-cen-

her monastic life is surprisingly

by Greenwich Studio Theatre.

sense; and here is its weakness. The horror that was in the air now turns into action; and the drama, alas, starts to turn into Victorian melodrama. (On West End opening night, parts of the audience behaved as if following Maria Marten, with loud and disapproving gasps at one wicked deed and louder and more shocked gasps at the next.) The way McDonagh ends several scenes as if on a headline keeps making The Beauty Queen too trite.

arry Hynes, directing, does mainly a very good job; but she has also let certain turning-points become too hammy. The long, appalled, open-mouthed, silent stare between mother and daughter after Mag has let alip her guilty knowledge - and, while staring wordless and aghast back at her daughter, she lets a biscuit slowly drop from her hand - is several degrees too stagey. It is hard, admittedly, to

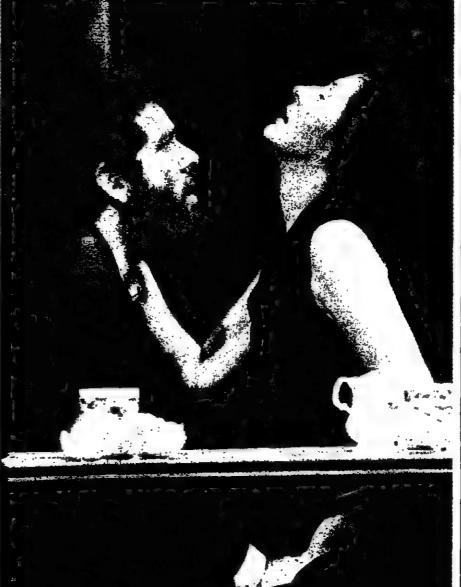
her behest, stays the night. review The Beauty Queen itself, and not the awards it has received. Coming to it dramatic speeches and icism of his talk to her: "And now for the first time, I note actions. The quiet with that two of its four actors don and working in rain and have changed, and that not it's more or less cattle I am, all of its effects are as well suited to the former Duke of York's Theatre as they must have been to the Royal Court's small Theatre Upstairs, in that intimate Downstairs, St Martins

broadcast on an Australian TV soap opera and this drab house in remote Galway would have more impact. Likewise the realistic detail of Francis O' Connor's set. At the Duke of York's Theatre, the characters may complain of the smell of urine. but the audience smells only an orange peeled in one scene by Pato.

Enough of these reserva-tions. The Beauty Queen is a welcome arrival in the West End, and much about it is excellent. All four actors do well, and I particularly admire the two newcomers to the cast. As Pato, Lloyd Hutchinson has never been better. The mixture of awkwardness and artiessness is very fine, and the helpless ease with which he utters remarks like "Sure, I dunno". I love the no-nonsense stride with which, as Maureen, Jane Breman paces this kitchen; the touching way she handles the love scene with Pato, part brusque, part wistful, but eventually retaining the initiative; and the understated way she presents the play's most which she utiers the longest speech to Mag could not be

Alastair Macanlay

At the Royal Court Theatre



Easy Irish lyricism: Lloyd Hutchinson and Jane Brennan

Alastair Mair

Trapped in the convent

not help being drawn in. On a cool tially causes a scandal by refusing grey set of stone pillars and arches, where the only warmth is the light from a single stained giass window, the world of the convent comes springing to life. The story is scarcely profound although it touches on profound matters - but it is handled so gracefully that this never seems to

Julian Forsyth, Diderot's simple We follow Suzanne's hazardous progress from one convent to tury France who feels trapped by another as she struggles to disentangle herself from the life affecting. And Margaret Forsyth gives the story a staging of such imposed upon her. Disposed of into cloquent simplicity that you cana numery by her parents she ini-

to take her vows. But this does not gain her the freedom she desires; instead she is shipped off, like a naughty schoolboy, to an institution better able to deal with her

Tebellion snees. Her life is shaned by the three mother superiors she encounters: the saintly, the sadistic and the sapphic. Ironically, it is the kindly Mother de Moni, who gently ancourages her and listens to her, who does her most damage by unwittingly seducing her into taking the veil. Once sworn, she finds herself trapped, prey first to the

Mother Christine and then to the unwanted attentions of the Mother

Daringly, Diderot touches on the cruelty of a system that can have young girls swearing away their lives at 16 and that, "in an age of atheists and free-thinkers", is reluciant to allow any of them to change their minds; he also raises the issue of lesbian love in the church - strong stuff for the 18th century. But to GST's credit, it does not sensationalise the issues. rather the production steers its way sensitively through them,

while conveying the mounting ire about the abuse of personal freedom that lies at the heart of the

Sophie Arnold makes a touching Suzame (though her limp leaves a lot to be desired) and Mary Ellen Ray is particularly moving as the kindly Mother de Moni. But it is the ensemble acting that is most impressive, as the cast quietly establishes the different moods of the convents and suggests both the warmth and the vindictiveness that groups of women can muster. Well worth reviving.

Sarah Hemming

Continues at BAC, London SW11

to December 8 (0171-223 2223).

Opera in Copenhagen

Wagner with a light touch

knows, Copenhagen has been this year's cultural capital of Europe; and the Royal Danish Opera's final contribution to it is a new production of Die Meistersinger von Nurnberg, cast almost entirely - and proudly -from within its own company. It is an inspiriting reminder that Wagner's most comfortable, humane work really is a "companyopera", never thriving so well when star principals are allowed to dominate it.

In fact the Copenhagen principals are excellent. They happen not to have world-class voices (thus far: most of them are young yet), just very good ones, and they can all act. The director Francesca Zambello has taken thorough advantage of that: with the choreographer Lise la Cour she has contrived to animate the chorus individually too. This Nurnberg is full of people, not faceless charinters.

As is Zambello's way, they get no helb from any pi esque settings. Alison Chitty's functional designs proscaffolding in blond wood, with flights of steps joining one floor to another. Yet ber late-19th/early-20th century costumes - some raided from the Royal Theatre's own archival wardrobe - fix a helpfully specific status for everybody in this little bourgeois town, and everybody relishes playing up to them. At the culminating civic feetival and song-contest, however, the various parading guilds melt happily together under flags of the same ver-

nal green. The central "private" reconcilation between surfitles. knightly juvenile and bourgeois community, avantgarde artist and traditionbound professionals (only Wagner could have fantasised such a self-regarding parallel!) is sketched lightly The cross-class lovers. knightly Walther and bourgeois Eva, are eagerly,

s almost everyone attractively sung by Stig knows, Copenhagen Fogh Andersen and Tina Kiberg, and played for light romantic comedy.

Christian Christensen is a tall, dignified-but-concerned Father Pogner. Bent Norup makes Hans Sachs, the ageing, naturally noble cobbler and mastersinger who relinquishes Eva to Walther - a model of dry intelligent decency. He controls a threatening wobble in the voice very well, at some short-breathed cost to his expansive longer

Amidst this winningly plain, satisfying Meister singer, two performers make

This is a thoroughly friendly 'Meistersinger'

special marks. As David, Sachs's lovelorn apprentice - in the Royal Opera's Danish German, often called "Daw-veed!" - Gert Henning-Jensen does an irresinging-all-dancing teeth'n'smiles with impeccable pitch. Scandinavian audiences, like Soviet ones of yore, seem to relish balletic "lesters" more warmly than the rest of us.

As the frustrated pedant Beckmesser, Guido Paevatalu sings earnestly and rather beautifully, with no exaggerated tics, leaving the garbled words of his stolen competition-song to stand comic duty on their own. The verbal salad never works very well in English. but the audience here gufdrama, which leads to a fawed heartily at the Danish Heinz Fricke conducts

with seasoned understanding. This is a thoroughly friendly Meistersinger.

David Murray

Further performances December 17, 21 and 26, Janpary 23 and 29, February 1.



AMSTERDAM

EXHIBITION Nederlands Scheepvaartmuseum Tel: 31-20-5232311 Gevangen in het Us. Willem Barentsz overwintert in het Behouden Huys 1596-1597; exhibition commemorating the Dutch explorer Willem Barentsz and his crew who were stranded on Nova Zembia 400 years ago. searching for a northern route to the Dutch Indies. The exhibition features a reconstruction of the ship and includes objects that were found on Nova Zembia by expeditions in the 1870s and

Van Gogh Museum Tel: 31-20-5705200 accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections; to Mar 2

CONCERT De Singel Tel: 32-3-2483800 Symphony No.5: by Bruckner.
 Conducted by Philippe Herreweghe, performed by the Koninklijk Filharmonisch Orkest

van Vlaanderen; Spm; Dec 6

BERLIN

Konzerthaus Tel: 49-30-203090 Hagen Quartet: perform works by Beethoven; 7.30pm; Dec 5 Philharmonie & Kammermusiksaal Tel: 49-30-2614353

 Orchestra Filarmonica de Buenos Aires: with conductor Luis Garcia Navarro and pianist Bruno Leonardo Gelber perform works by Weber, Brahms and Berlioz Spm; Dec 5

Deutsche Oper Berlin Tel: 49-30-3438401 Martha oder der Marid zu Richmond: by Von Flotow. Conducted by Sebastian Lang-Lassing and performed by the Dautsche Oper Berlin, Soloists include Carol Malone, Camille. Capesso and Klaus Lang; Spring Dec 7

■ CHICAGO THEATRE

Steppenwolf Studio Theatre Tel: 1-912- 3351888 Mojo: by Butterworth (previews). Directed by lan Rickson, performed by the Steppenwolf Theatre Company. ANTWERP

The cast includes Rob Campbell, Risteard Cooper, Evan Handler, Adam Joyce and Martin McClendon; Tue - Fri 8pm, Sat 5pm & 9pm, Sun 3pm & 7pm; to Dec 7 (Not Moni

HAMBURG **OPERA**

Hamburgische Staatsoper Tel: 49-40-351721 Armide: by Gluck. Conducted by Gard Albrecht, performed by the Hamburgische Staatsoper. Scioists include Sabine Ritterbusch and Gabriele Rossmanith; 7,30pm; Dec 6, 8

LONDON

CONCERT Royal Festival Hall Tel: 44-171-9604242 Massed Choirs of the London Hospitals: with conductor Stephen Barlow, cellist Julian Lloyd Webber, planist John Lenehen, organ-player Stephen Disley, percussionist Richard Fullbrook and the Fanfare Trumpeters of the Royal Corps of Signals perform Civistmes music; 3pm & 7:30pm; Dec 7 Wigmore Hall Tel: 44-171-9352141 Thomas Hampson:

performance by the baritons.

accompanied by pienist Wolfram

Rieger. The programme includes

works by Carl Loewe; 7.80pm;

EXHIBITION The Hayward Gallery Tel: 44-171-9604242

 Art of the Insane: Works from the Prinzhom Collection: in 1922, the German art historian and psychiatrist Hans Prinzhom published "Artistry of the Mentally III", a book which confronted issues of creativity and individual expression by looking at works of art by psychiatric patients. The book was based on the collection, amassed by Prinzhom, of work made between 1890 and 1920. This exhibition features some 200 works from the collection; from Dec 5 to Feb 23

MADRID

CONCERT Fundación Juan March Tel: 34-1-4354240

 Maria Aragón: performance by the mezzo-soprano, accompanied by planist Fernando Turina. The programme includes works by Molieda, Gombau, Martinez, Palau and others; 12noon; Dec 7

NEW YORK CONCERT

Alice Tully Hall Tel: 1-212-875-5050 Chamber Music Society of Lincoln Center: with conductor David Shitrin perform works by Fauré, Ravel and Rouse: 80m: Dec 6, 8 (50m)

Metropolitan Opera House Tel:

1-212-362-6000 L'Elisir d'Amore: by Donizetti.

Conducted by Carlo Rizzi, performed by the Metropolitan Opera. Soloists include Rost, Leech, G. Quillico and Nucci; 8pm; Dec 7

PARIS OPERA

Théâtre de l'Opéra Comique Tel: 33-1 42 44 45 46 Les Contes d'Hoffmann: by Offenbach, Conducted by Dusan Stefanek, performed by the National Opera of Slovakia. Soloists include Igor Jan, Ida Kinlova and Jan Galla (Dec 5), Janes Lotric, Denlsa Slepkovska and Vladimir Kubovcik (Dec 6), and Sergei Larin, Jitka Saparova-Fischerova and Peter Mikulas (Dec 8); 7.30pm; Dec 5, 6. 8 (4pm)

SALZBURG

EXHIBITION Rupertinum - Sabburger Landessammlungen Tel: 43-882-80422338 Annemaria Avramidis: this exhibition features some 20

sculptures by the Austrian artist Annemarie Avramidis (b. 1939); from Dec 5 to Feb 18

■ STUTTGART DANCE

Staatstheater Stuttgart Tel: 49-711-20320 Ballett Stuttgart: perform George Balanchine's The Four Temperaments to music by Hindemith, Frederick Ashton's

Monotones to music by Satie, George Balanchine's Tchaikovsky - Pas de Deux to music by Tchalkovsky and a new work by Mauro Bigonzetti to music by Shostakovich; 7.30pm; Dec 5

VIENNA OPERA

Wiener Kammeroper Tel: 43-1-5120100 Aus allen Blüten Bittemis: by Cech, Conducted by Johannes Wildner, performed by the Wiener Kammeroper. Soloists include Alfons Noventa and Béatrice Petitst; 7.30pm; Dec 5

■ WASHINGTON EXHIBITION

National Gallery of Art Tel:

1-202-7374215 Adolph Menzel (1815-1905): Between Romanticism and Impressionism: this retrospective exhibition comprises about 130

paintings, drawings, pastels and watercolours by Adolph Menzel. one of the leading German artists in the second half of the 19th century; to Jan 5

ZURICH

CONCERT Tonhalle Tel: 41-1-2063434 András Schiff: the pianist performs works by Schubert; 10.45am; Dec 8 Listing complied and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1996. All rights reserved. Tel: 31 20 664

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Financial Times Business Tonight

CNBC

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10.00 European Money Wheel

18.00 Financial Times Business

Tonight



Ian Davidson

Nerve fails in Paris

All the best people now say monetary union will happen, but recent events in France cast doubt on such optimism

All the best people now tion of this malaise is the agree that monetary union in Europe will happen, and political sensation caused on time, in January 1999. last month by Valéry Gis-Chancellor Helmut Kohl of card d'Estaing, the former president, when he added Germany says it. President Jacques Chirac of France his voice to those calling for says it. President Jacques a devaluation of the franc. Santer of the European What made his campaign so Commission says it. The significant was that Giscard bond markets say it. Even was joint founder of the European Monetary System some of Britain's leading economic commentators and has long been a fervent supporter of European inte-And yet a series of events gration in general, and of in France in the past week Emu in particular.

or so raises a dark shadow Le Monde, in a magisteof a doubt that all the best rial editorial put-down, tartly commented that a It's not just the French devaluation of the franc was truck drivers' strike, though neither economically necesthat was bad enough. The sary since France has a large current account surincompetent handling of the plus, nor politically smart in the European context since Germany has a large truckers' disruptive industrial action, and its virtual capitulation before most of current account deficit. If their demands, amounts to the purpose of devaluing an alarming failure of nerve was to generate faster eco nomic growth by a bigger export surplus, it must in on the part of the political authorities and an open part be at the expense of invitation to other interest groups to try their luck by

Germany. Giscard has argued that his aim would be a depreciation of the franc against the dollar, not against the D-Mark. Ideally, therefore, the franc and D-Mark should both devalue in concert. But if that is not possible, then the franc should depreciate alone. But these are just weasel

an uphill struggle, system-atically frustrated by the words. The real implication Where Emu is resistance of traditional Moreover, a nationwide concerned, the industrial dispute like the French political truckers' strike can only damage the prospects for an establishment economic recovery in France, on which the govlooks as though it ernment's fiscal strategy for Emu is so critically depencould be on the

verge of

the exit

stampeding for

But the debacle of the truckers' strike is only one symptom of a much deeper malaise which now seems to be infecting wide sections of the French political establishment over the government's economic policy and

similar strong-arm methods.

The problem is that this is

one flasco too many. Mr

Alain Juppé's government

is desperately trying to cut

the budget deficit in order

to be able to meet the crite-

ria to qualify for economic

and monetary union. But

his attempts to reform

France's public finances are

vested interests.

The most serious indica- of the controversy is that shown, to keep the herd on Giscard and those who think like him have abandoned any hope that France can sufficiently reform its economy internally, and must therefore export its problems by devaluation.

Moreover, this seems to

be the way the political wind is blowing. Last week Giscard carried his campaign into the National Assembly, and pulled off one of the most sensational French parliamentary performances of recent years. With Alain Juppe sitting in the prime minister's seat opposite, he delivered a withering condemnation of the government's policy on Emu, and drew spectacular applause not just from some of the Socialist MPs but also from most of the Gaullists sitting behind the prime

in 1992 most of the Gauliists opposed ratifying the Maastricht treaty which had been negotiated by a Socialist government under a Socialist president. What made last week's performance so significant was that the Gaullists were publicly defying the Emu policy of a Gaullist government under a Gaullist presi-

Their defiance may make electoral sense because the president and the prime minister are breaking all records for unpopularity. Unless there is an early recovery of growth and employment, the centreright coalition faces the prospect of losing to the Socialist party in the general elections 15 months away. What is more, the Socialists are themselves split six ways on economic policy, and now seem at

est lukewarm on Emu. Where Emu is concerned, the French political establishment looks as though it. could be on the verge of stampeding for the exit. It may take a lot of luck, and much more skill than Chirac and Juppe have yet door together.

track for monetary union. One reason for the predic ament is that France and Germany do not really agree on what Emu is for or how it should work. The Germans want the planned

"stability pact" to discipline the budget deficits of national governments by rules that are fixed and automatic; the French (and others) want rules that allow for political judgment. For the Germans monetary stability is an absolute ori crity; but the French want something like an economic government for Europe which would promote stabil thy and growth.

In the medium run, th French must be right. The Bundesbank does not make monetary policy in Ger many in a vacuum but in the coptext of an economic policy emanating from the political authorities in Bonn. The idea that the future European central bank can conduct a sensible monetary policy for Europe without any effective eco nomic strategy from Brussels seems dotty, to say the

Similarly, the French want to use the strength of the single currency to conduct a deliberate foreign exchange policy vis-a-vis the dollar. But the Germans. though they may agree that the dollar is too low, resist any form of interventionism which could jeopardise the overriding objective of monetary stability.

No doubt negotiations

over the coming months will produce common texts which look like compro mises. The problem is that for the moment, the German and French political systems have two contradic tory objectives: the Ger mans want stability at all costs whereas the French need growth at any price. It is once again starting to look uncertain whether they can go through the same

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from usades around the world Letters may be fixed to -44 171-673 5938 (please set for to fine), c.mail. letters action of fixed letters action in the main international languages.

Pursuit of highest credit rating not always appropriate goal

From Mr George S. Dallas. Sir, The Lex column's recent comment on triple-A ratings (29 November) is worthy of a high rating itself. While a triple-A rating certainly represents an extremely strong level of credit quality, it was appropriately noted that creditors are not the only stakeholders that a company's management represents.

Indeed, there is the shareholder. While this may sound like heresy coming from a rating agency, it is certainly not the case that managing a company to

achieve the highest possible credit rating will also result in it achieving the highest possible share price. It is also worth pointing

out that triple-A is not the only good credit rating. The investment grade spectrum runs all the way through to triple-B. In North America, where the institutionalisation of ratings is more pervasive than it is in Europe. both issuer and investor alike have a strong, and pragmatic, appreciation for the full spectrum of credit ratings. As such, the pursuit of high credit ratings is often

viewed in balance with other strategic goals. If the culture of ratings is

to penetrate deeply into the European marketplace, there will need to be a similar pragmatism among Europeen issuers and investors and a broader acceptance of credit ratings other than the very best. George S. Dallas,

managing director, European ratings. Standard & Post's Garden House, 18 Finsbury Circus, London EC2M 7BP, UK

Taxing tourism a short-sighted move

introduced higher and

higher charges each year.

From Mr L.J. Lickorish. Sir, The UK government's decision to double the airport departure tax is the most recent example of the apparently unstoppable tendency to tax international travel - an essential form of modern communication. OECD, an intergovernmen body to which the UK belongs, made a formal recommendation in 1985 that governments should not tax international travel unless the proceeds are used to

fund infrastructure and sec-

vices. Despite this, countries

Tourism is Europe's most important industry and has the greatest potential for growth and the creation of new jobs. But taxes like these merely increase costs and make services less competitive. Europe has been teadily losing its world mar ket's share in tourism in recent years. New taxes have hit all segments of the tourism and travel industry. The European Tourism

supporting the World Tour-

sim Organisation in an urgently needed study of taxation of international tourism. The future growth of travel in Europe can no longer be taken for granted if governments continue to take such short-sighted mee sures as these increase

L.J. Lickorish secretary, European Tourism Action Group, c/o ETC,

1000 Brussels,

Benchmark for rights of workers

stability impact

From Ms Amali De Silva-Mitchell. Sir, I refer to the article Rich and poor head for WTO summit clash" (November 28), on the debate about the need for promoting basic worker rights. I would like to pose the

question as to whether all

parties would be better served if a new International Standards Organisation standard on basic worker rights were established. At present, ISO 9000 on total quality management and ISO 14000 (series) on environmental standards are in existence Compliance with a new ISO standard on basic worker rights would be voluntary. This would provide a henchmark for organisations

in the developed world to terparts in the developing world on a one-to-one basis rather than at a more general, sector or country This may be a feasible

compromise and might take the heat out of the debate.

Amali De Silva-Mitchell. 101-1425 Cypress Street, Vancouver BC. VeJ 3LI,

Emu charade aids Germans in reconstructing the east

From Mr John Goodail. Sir, Lawrence Lindsey's

Personal View ("An Aznarican view of Emu," November 29) constitutes the most lucid explanation I have yet reed of why Emu will not work in Europe. Clearly, mobility of labour

can never take place in Europe on anything like the same scale as in the US and a similar system for fiscal transfer between regions or states experiencing economic booms or recessions neither exists nor is fore-

During the Reagan administration in the US, public borrowing rose together with interest rates to finance "star wars" in support of the

defeat communism. In conse quence the dollar rose - and later fell - as investors attracted by high interest rates noured their money into the dollar to finance the US deficit. One way or another the whole world contributed to the US strategy and finally the Berlin

wall came down. Subsequently, the Germans were then faced with the enormous and costly task of rebuilding their eastern provinces. Taking a leaf from Reagan's strategy they too went on a great borrowing binge, but in contrast with the Americans, the Germans understood that a rice in the value of the D-Mark on a comparative scale to

preceding decads would be catastrophic for the German

So they embraced the Emu project and hitherto have succeeded in holding down the value of their currency by anchoring it to most of the European currencies, especially the French franc. How much longer will it

be before the people of Europe, and more particularly their political leaders, come to understand what the Emu project really is all shout? An ingeniously contrived

est rates to facilitate the financing of the reconstruction.

across the Atlantic.

BA has taken the commer-

cial decision to gain such

access by means of alliances

with US carriers. This option

is not open to a smaller air-

line such as Virgin Atlantic,

but Virgin does have a pow-

erfol brand which is becom-

ing recognised in the US and

could operate US domestic

air services profitably. It

should not be for govern-

ments to attempt to second-

guess the market by dictat-

the only one available.

ing that BA's preference is

For a foreign airline to

operate domestic services

would require a change in

US law, but there is no rea-

son to believe that the US

would not agree in return

unlimited fifth freedom

It really is a ludicrous situ-ation. When I open a Virgin

Megastore in New York I am

just as Tower Records is in

London But try to operate

an air service between New

York and Boston, using US

aircraft and US crew, and

Airline ownership, At

allowed to own up to 49 per

zens on the other hand are

restricted to less than 25 per

comed with open arms,

obliging most of Europe to pay its share.

The French lorry drivers who have been on strike may be forgiven if they do not understand this, but there can be little doubt that they know something else; namely that the whole population of France is being taken for a ride by its own hlinkered politicians.

Presumably, and hopefully, we now only have to wait and see whether they will bring down the franc, thus bringing to an end this awfully damaging European

Avenue Louise 186. 1050 Brussels.

Personal View • Richard Branson

Open skies for everyone

The UK should use its leverage in air transport to win concessions from the US



critical day of air trans-

and US aviation negotiators meet in London in an attempt to agree a new bilateral sir services agreement governing the largest intercontinental air market in the

These talks provide both governments with the opportunity to create a truly open skies regime, to the benefit of airlines and the travelling public alike, which could act as a model for all other

Unfortunately, because of attempts to associate the negotiations with the proposed monopolistic alliance between British Airways and American Airlines there is a danger that this opportunity will be missed. Because it is anti-competitive, this de facto merger would be illegal without immunity from US anti-trust legislation, which the US authorities insist will not be granted in the absence of an open skies bilateral deal

Both governments may be tempted to lower their sights and - under pressure for a quick deal - accept a more restricted agreement. They should not be allowed to do

The UK does not enter negotiations empty-handed. It has considerable leverage, particularly because it can offer access to Heathrow airport for all US airlines. This is something which the US has sought for many years, and it should not be given away without equivalent benefits for the

It is madness to cave in to US demands in return for approval of a commercial egreement which will reduce

UK and one US sirine and lines are agreed that access may last for only a limited to the huge US domestic market is the key to being

Despite what it says in able to compete effectively public, the US government continues to follow a highly mercantilist policy in aviation negotiations. Its standard open skies agreement reached with other countries, to which the UK is being asked to accede, is designed to favour US airlines while denying UK carriers what they want.

For many years Virgin has supported the .UK government in pushing for true open skies in the north Atlantic. All the US demands are acceptable to Virgin, including opening up Heathrow and the granting of so-called fifth freedom rights for US airlines beyond the UK (in other words, the ability of US carciers to pick up passengers in London or Manchester and carry them to Paris, Frankfurt or

But in return, the UK must have access to the US domestic market which continues to give US airlines an umfair advantage, and there must be in place a truly effective competition framework designed to protect smaller airlines from anticompetitive behaviour. These are complicated

negotiations, but it is possible to identify several key sues which will have to be Cabotage. This means an

airline from one country being able to carry traffic US carrier. Clearly this is within another. All UK air-unfair. The US has



competition, benefit only one Branson: the US must open its domestic market

to see the US rules brought into line with those in

sure it happens. Fifth freedom rights. These are very valuable to US airlines. The US government has insisted they must be included in an open skies agreement. The UK has so far refused, arguing that the right for US carriers to operate from the UK to continental Europe and beyond is equivalent to the right for UK airlines to carry passengers within the US.

 Fly America. This is a blatant piece of US protectionism. US civil servants and anyone travelling in connection with a US government contract are allowed to fly only on US airlines. UK civil servents on the other hand, are free to for access to Heathrow and travel on any carrier. Fly America has no place in an open skies regime. Nor does the restriction of US mail carriage to US airlines.

 Competitive framework. As government restrictions are removed and an open north Atlantic market is created, it is critically important to ensure that smaller airlines are not squeezed out governments acream that I of business by anticompetitive behaviour. Governments need to create a present US citizens are framework designed to ensure that liberalisation cent of a UK airline; UK citi- does not result in a return to the cosy airline cartels which did so much damage

cent of the voting stock of a in the past. This means effective sanctions and a rapid dispute resolution procedure. A mechanism which produced a decision only after a company had been forced out of business would be no

If successful, the difficult negotiations beginning this week will eventually show the world that aviation has grown up and deserves to be treated like any other industry. Real liberalisation, not the half-way house favoured until now by the US, will

The author is chairman of Virgin Atlantic Airways

German con trick to hold charade. down the value of the D-Mark and European inter-John Goodali.



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COMMENT & ANALYSIS

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A CONTRACTOR OF STREET AND A WAY

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday December 4 1996

Stability impact

A structure will break if it normally balance, which is reacannot bend. This is as true of sonable, but that deficits should Emu as of a building. It is a also not exceed 3 per cent, truth that must not be forgotten by negotiators of the "stability pact" designed to constrain fiscal policy within Europe's economic and monetary union. If the fiscal framework that treaty permits. emerges from the present negotiations is too rigid, Emu itself

The fundamental notion behind the pact, which is also quite properly present in the Maastricht treaty itself, is that there is a link between fiscal policy and monetary stability. But it is neither a predictable nor a precise link. Under Emu. with its independent central bank and "no bail-out" clause, the link should be particularly

At the same time, the budgets of member states will be the only way to secure cyclical stability: exchange rate flexibility will be lost; interest rates will be common to all; the central budget will be minimal; and labour market flexibility will be limited. It is essential therefore to give member states the widest possible fiscal discretion consistent with securing overall monetary stability.

Arguably, the Masstricht treaty, with its deficit limit of 3 per cent of GDP, was itself too restrictive. The proposed stability pact is tighter still. Its aim is to eliminate what many would consider a perfectly defensible degree of fiscal flexibility. Moreover, if countries were to transgress the limits, the consequent cal problems, thereby sparking

Germany's specific suggestion

own citizens, in this case to

combat crime. The safeguards

which it proposes against abuse

of this dangerous practice are

The Police Bill moving unhap-

pily through parliament will

allow chief constables to order

that any private premises may

be bugged or broken into, even

when the owner is not sus-

pected of crime. Solicitors will

not be exempt, so even the right

to independent representation

The police will have very

wide powers of discretion as to

who is subjected to covert surv-

eillance. A new commissioner

will bear complaints against the

police, but he will be given only

disturbing fact about President

Jiang Zemin's visit to India last

week was that it was the first

by a Chinese head of state.

These two potential super-

powers of Asia have shunned

each other for too long, and the

thaw in their relations is much to be welcomed by their neigh-

hours, and the rest of the world.

neglected their relationship:

they have regarded each other

with mistrust and suspicion.

and seen themselves as great

rivals for influence in the Asian

region, and now as future eco-

If India had not opted for an

intimate relationship with the

former Soviet Union, and if

China had not precipitated a

border war in 1962, it might

have been otherwise. But the

reality today is that the two

know and understand depress-

ingly little about each other.

They have minimal trade rela-

tions; there are no direct flights

between Delhi and Beijing, and

practically no institutional ties.

Such agnorance can breed a dan-

In recent years, India has

probably been more at fault in

dragging its feet than China.

But the Indian government also

has understandable concerns

about its nuclear armed neigh-

bour. It believes that missiles

stationed in Tibet can be fitted

with nuclear warheads. It sees

Beijing lavishing favours upon

the military dictatorship in

Burma, with the apparent inten-

tion of gaining naval access to

the Indian Ocean in exchange.

And it has long resented the

close ties between China and

Pakistan, above all in the

exchange of nuclear knowhow.

Mr Jiang's visit fits into a pat-

gerous contempt.

nomic giants.

They have not merely

may be compromised.

much too feeble.

Police state

their grip on power. Now the ing orders, will publish no res-

British government also plans sons for rejecting a complaint,

to authorise police to spy on its and will be exempt from judicial

Asian overtures

The most remarkable and tern of earnest efforts by Beijing

except when GDP has declined by 2 per cent over four succes sive quarters. It also wants fines to be imposed on failing participants as automatically as the

Experience shows how draconian these limits might be. Between 1988 and 1993 the UK's fiscal balance moved from a surplus of 1 per cent of GDP to a deficit of 7.8 per cent; between 1989 and 1993, the French bal-ance moved from a deficit of 1.2 per cent of GDP to one of 5.8 per cent; between 1990 and 1995, the Japanese balance moved from a surplus of 2.9 per cent of GDP to

a deficit of 3.9 per cent. in all these cases the swings were for larger than envisaged in the pact. The UK alone would have been able to meet the proposed recession criterion - in 1991. But none of these countries is, or was, on the verge of

uncontrollable inflation. Germany's partners are right to insist on a more generous definition of exceptional circumstances. The imposition of fines must also be a matter of judgment. Yet the most important implication concerns who

should be allowed to join Emu. This sort of stability pact is the German price for an Emu that includes countries whose devotion to stability it does not trust. For this reason, it would be far better to keep initially to a narrow Emu, while permitting automatic fiscal stabilisers to work, than move swiftly to a broader Emu, without such fiscal flexibility. The combination of an economically divergent Emu with rigid fiscal con-

annesi. As a minimum, suci

potentially dangerous powers

should be under direct judicial

To objections from the Law

Society and a senior law lord and to legal opinions that the

law will contravene the Euro-

pean Convention on Human

Rights, the government replies

that the measures are needed to

Crooks must be caught. But

from ancient times, private free

doms have been held equally

important. As John Adams, the

second US president, said 200

years ago: "The only maxim of a

free government ought to be to

trust no man living to endanger

to improve relations with its

neighbouring states. It has

signed new border agreements

with Russia and four Central

Asian republics. And it has

showered official visits on a sus-

picious Vietnam. All are

designed to defuse ethnic ten-

In these terms, the modest

achievements of Mr Jiang's stay

in Delhi - confidence-building

measures which should eventu-

ally lead to troop reductions

along their 2,500-mile frontier -

are as important symbolically

as in practical terms. Other

egreements should open direct

shipping links and allow

co-operation in controlling drug

trafficking. The Chinese leader

was also at great pains to stress

that nuclear relations with

Pakistan were entirely peaceful

He then had to reassure the

Pakistani leadership that the

improved relations with Delhi

would not in any way change

their close friendship. But he

made it perfectly clear that he

saw stability throughout the

aud-continent as essential to

peace and prosperity in Asia as

a whole. And he was scrupu-

lously even-handed in suggest

ing that India and Pakistan

resolve their differences in the

disputed territory of Kashmir.

Perhaps it is too much to

hope that Mr Jiang might use

his good offices to mediate

between India and Pakistan to

help resolve their differences:

that would be contrary to Chi-

na's practice of non-

interference. But any sign of a

thaw between Delhi and Beiling

can only help defuse regional

tension. Both sides should now

work to expand their trade rela-

tions and restore relations

between future superpowers.

sions along its borders.

trap organised crime.

or democratic supervision.

straints is a recipe for disaster increase that figure to 5m. "The JT allows us to segment Stalin and Mao did it to tighten limited powers to quash snoop

customer services.

the market, know the costs of servicing each customer and to handle inquiries professionally," sava Mir Jim Fordi chief executive. Mr Norman Askew, chief exec-

utive of East Midlands Electricity, claims that his company's Leicester-based customer service call-centre is the most advanced of all the regional electricity companies, "We don't want to give customers the opportunity to walk away from us because they are not setisfied with our service," he says.

The question few chief execu-

tives went to voice nublicly, however, is whether all the effort will be worthwhile. They point out that the profit margin in supply, at around 2 per cent of sales, will not allow them to offer hig discounts and still make a profit. Electricity is not like eas: in trials in the south-east of England. competitors of British Gas have been able to offer discounts of up to 30 per cent on household bills.

Analysts such as Mr Alex Henney, of European Energy Economics, the London-based consultancy, go as far as to suggest that

Power to the people

Simon Holberton on the UK electricity industry's plans for the day when consumers will be able to choose their suppliers

n less than 18 months Britain will become the testing ground for the next stage of utilities dereguation. Between April and September in 1998, all 23m consumers of electricity in the land will be given the freedom to

choose their supplier. Britain led the pack in privatising its state-owned electricity supply industry at the end of the 1980s. To many in the UK the legacy of that sell-off is mixed, with boardroom pay scandals and the Labour party's threat of a windfall tax on privatised utilities dominating the headlines. But beyond Britain's shores, from Melbourne to Manila and Los Angeles to Rome, the world has

watched and emulated. The first wave of deregulation was primarily about changing the ownership of electricity assets and creating a market in electricity generation. The next wave is about allowing choice for customers in buying electricity: the monopoly rights of the 12 regional electricity companies in England and Wales and the two in Scotland to supply power will

be abolished. This promises to be no less revolutionary and no less controversial than the first changes introduced six years ago. As Professor Stephen Littlechild, directorgeneral of Offer, the industry regulator, recently told the House of Commons public accounts committee: "We are under no illusion as to the magnitude of the task. The whole concept of competition

in electricity supply does not exist outside this country.' The coming of competition has quickened the pace of cultural change within the regional supply companies. Fear of losing customers to competitors is forcing sleepy, bureaucratic organisations to focus on improving their

Companies are spending millions of pounds on new informstion technology systems and workforce training to get fit for 1998. Southern Electric, the Maidenhead-based regional electricity company, is typical: it has spent £40m over the past three years on IT and staff training. It supplies 2.8m households and wants to

discounts in electricity prices are likely to be closer to 3 per cent. "Although such a reduction may be sufficient to get some customers to switch it is not likely to be amough to attract many residential customers to move," he says in a paper pre-

pared for the House of Commons trade and industry committee. A more important issue for some, such as Mr John Reynolds, utilities analyst at HSBC James Capel, is that the introduction of competition might be a fiasco because of administrative problems. He says the industry and the regulator have yet to learn the lessons of the past two market openings in electricity: the one in 1990 of the market for customers using lMW of power and more, and the other in 1994 of the market for those consuming

There was poor specification of software and problems in billing. "Throwing extra people at the problems in 1996 and 1994 helps ameliorate the situation - there were only 5,000 and 50,000 customers nationwide. But that solution will be impossible with 23m

more than 100KW.

Pence par kWh

competition is being tested, no profits and pricing strategies of trials will be conducted for elec-

tricity because the electricity supplied to households is backed by expensive, long-term coal contracts. These contracts, which subsidise the coal industry. expire on March 31 1998 and until

then prices cannot fell enough to allow substantial discounting. On Monday Mr Littlechild drew back from the "big bang" approach to competition. Instead of it happening on one day -April 1 - it will be phased in over six months. It is still unclear if this timetable is achievable. No one, least of all Mr Littlechild, expects an IT exercise of the scale under way to be troublefree from the start. As he noted

on Monday: "It is inevitable that

when new systems are intro-

duced some unforeseen problems

may arise Although there is an expectation among industry executives that the timetable for competition will slip further, one chief executive noted that Mr Littlechild has to leave that decision as isibia. "The worst thing Stephen Littlechild can do is move away from the April start date; he has to keep everyone's

feet to the fire." The renegotiation of the coal Unlike the gas industry, where contracts has implications for the

Price per lowh", including local tense and VAT, from a representative utility in each country for a customer on a domestic standard fartif using 3,300 kWh/year, as at January 1 1995

(the principal successor to Brit- costs under control. The shape of a rapid effect on the price of electricity sold to consumers.

National Power and PowerGen. Britain's two big fossil-fuel generators, expect their profits to fall. although both claim that the decline will not be dramatic. "The government-brokered contracts [for coal procurement andelectricity supply | had a relatively high margin built into them," says Mr Deryk King, chief executive of PowerGen. "It is realistic to expect that the replacement of those contracts

"The fall in margin may exceed the reduction in coal price and that will have a detrimental impact on profitability. It is not a cliff edge but there is great uncertainty over the extent of

Analysts estimate that electricas 10 per cent just as a result of ending of the expiry of the coal contracts. Mr Richard chief executive of RJB Mining, talks openly about renegotiation of the contracts at around 120p a gigajoule, or some 11 per cent less than the value of the coal contracts in March 1998.

"Richard Budge is our largest supplier and we are his largest customer," says Mr Keith Henry, chief executive of National Power. "We've both got an 11th hour but his comes before

Until 1998, the existence of the coal contracts back-to-back with long-term electricity supply contracts will continue to take much of the uncertainty out of generators' and suppliers' businesses. But both groups are now groping for a post-1998 modus vivendi under the watchful eye of the regulator.

The forthcoming loss of regional monopolies has prompted both the regional electricity companies and the generators to forge new alliances to secure customers while keeping

ish Coal), and will therefore have things to come was seen last

nuclear utility, announced a 15year electricity supply deal with Southern Electric. Neither company has disclosed details of the deal, but Southern says it will insulate the company from price volatility in the electricity pool, the market for wholesale electricity. "When 1998 happens it's all about price and

your ability to compete on price,

notes Mr Forbes. Similarly for British Energy, the deal means that about 15 per cent of its generation output in England and Wales has found a secure home. The other big generators are testing the market for similar deals. National Power, however, fearing regulatory disapproval, has backed away from its idea of forming a joint venture with regional electricity compaity prices could fall by as much nies and possibly a commercial partner, such as a bank or retailer, the idea was to exploit ling the sale of electricity from generation through distribution

> points in British homes. "I'd like to see a joint venture happen, but I think it is probably a step too far for the regulator, says Mr Henry. "We will opt for long-term alliances instead."

and marketing to the power

Such an alliance is the favoured path for PowerGen as well. Both generators and suppliers of electricity in the UK expect their margins to come under pressure as supply competition is gradual process that will include further cost-cutting and cautious dealmaking between companies nervous of the regulator. "On April 1 new arrangements

will have to be in place, but the existing generators will still have 100 per cent of the market and the regional electricity companies will still have 100 per cent of supply," says PowerGen's Mr King. "The market will evolve

BSERVE

UK electricity: more price falls to come

It's no time to throw rice

■ Victor Rice, trenchant chain-smoking chief executive of Lucas Varity, the newly married Angle-US engineering group. yesterday declared the honeymoon over.

The man who previously culled 52,000 jobs at Massey Perguson announced that, following this summer's £3.2bm merger of Lucas Industries and Varity Corporation of the US, a total of 8,000 jobs would go in the automotive and aerospace components group.

But the gravel-voiced . chimney-sweep's son is being coy over plans for a new matrimontal name to replace what executives have dubbed the present "transitional tag". Rice has a personal interest in the matter, given that he used his own initials - VAR - in changing the Massey name to Varity, Insiders say LucasVarity is too clumsy and that finding an alternative is in the hands of management consultants. What chance Varucas?

Great gondolas

■ Venetians are a long-suffering bunch. So far this year they've endured an official 85 floodings. defined as when St Mark's

Square is swamped. And was under 1.94 metres of water, are still fresh. So there has been some irritation at a curious paragraph in an otherwise sensible report by Maurizio Calligaro, the mayor's chief of staff at city hall.

Pooh-poohing the likelihood of a repetition of the 1966 flood, Calligaro suggests that to avoid being inconvenienced by the acque alte a few simple precautions are sufficient. Every Venetian is accustomed

to donning wellington boots immediately flood-warning sirens sound. Now Calligare proposes everyone acquires thigh-high boots, giving protection up to 1.60 metres of water. He also recommends moving fuse boxes, electric power sockets and fresh produce in shops to higher levels. All of which has exploded

upon Venetians with the force of a damp squib.

Bhopal effigy ■ No fewer than six separate demonstrations yesterday vied

for attention in the Yaadgare Shahjahani Park in Bhopal, central India, on the 12th anniversary of the world's worst industrial disaster. They assembled to commemorate the 1984 leak of pesticide gas from

the Union Carbide plant, when 2,000 people died immediately

They also used the occasion to lambast the local politicians and industrialists they accuse of failing to take responsibility for the mass poisoning. Chief target was Union Carbide's then chairman – and current

A very poor effigy of him was burnt outside a cemetery, where many of the accident victims are buried. Just the kind of thing to encourage him to return to face Indian justice ...

Sum dim lunch

 A convivial farewell lunch was staged in London yesterday for Sir David Ford, former chief secretary of the Hong Kong government, who is retiring as Hong Kong's commissioner in the UK.

Only he isn't. No doubt when the invitations went out it still seemed a good idea for Hong Kong to have a new man (or woman) in London around now presumably an ethnic Chinese who would effortlessly manage the transition next July from representing a crown colony in the mother country, to representing a Special Administrative Region of China in a faraway country full of eager would-be investors.

But with China and the UK

administrations with equal

Anyway, Governor Chris Patten has asked Sir David to stay on for the time being. But a good lunch, nonetheless ...

still at loggerheads about the

legislative council, the

the present and future

subversion bill and other

matters, it must be proving

difficult to find someone willing

or able to expound the views of

Cuban caprice

■ One of the striking features of the military parade staged in Cuba on Monday, marking Armed Forces Day, was that none of the military vehicles on display actually moved. There was a good reason. Since the collapse of the Soviet Union, communist-ruled Cuba's big buddy, petrol has been in short supply.

So the organisers positioned more than 100 pieces of Soviet-built hardware including MiG-21 and MiG-23 fighters and MiG-24 helicopters as a stationary backdrop to the march-past in Havana's Revolution Square. But in case foreign spies imagined Cuba was now defenceless, three Cuban air force MiG-29 jets roared overhead; of course that might have been the last drop of aviation fuel left on the igland ...

Financial Limes

100 years ago American Pork In France

Lyons, 3rd Dec. Yesterday evening a great popular meeting was held, under the auspices of the Agricultural League and the Syndicate of Port Butchers, to protest against the fall in prices caused by the importation of American pork. It was decided to read a petition to

50 years ago Occupation Zones In Germany

A memorandum of agreement concerning the British and American zones of occupation in Germany was issued yesterday. In the House of Commons the Chancellor of the Exchequer, Mr Dalton, said that the agreement provided for the economic fusion of the British and American zones from 1st January 1947 with the aim of making the combined area self-supporting by the end of 1949. A joint Anglo-American agency would deal with the imports and exports of the combined area, the imports to include necessary raw materials to enable the area to recover and to produce an export income. Barriers in the way of German export trade would be removed as soon as world conditions permitted.



FINANCIAL TIMES

Wednesday December 4 1996



Tunnel's passenger services to resume

Eurostar high-speed passenger train services through the firedamaged Channel tunnel will resume today after clearance was given last night by the Anglo-French safety authorities. But passenger shuttle services, run by Eurotunnel, will not restart until Tuesday.

Eurotunnel, the tunnel operator, was given the go-shead to run six trains an hour in each direction through the undamaged porth tunnel and the undamaged sections of the south tunnel. This amounts to two thirds of normal capacity. Safety clearance represents a

breakthrough for the heavily indebted Eurotunnel, which has been losing up to £1m a day in revenues, but is a blow for the ferries and airlines which have sharply increased ssenger numbers since the

tomorrow. But we will not be restarting passenger shuttles until Tuesday because there are messages we have to get over to our customers about

Eurostar is to run 13 trains a day between London and Paris and seven a day between Lon-don and Brussels – 90 per cent of normal services - with the first departure the 5.50am today from London to Paris. Journey times will be 20 to 30 minutes longer than usual. Clearance for the resump-

tion of Eurostar and Eurotunnel's car-carrying passenger shuttle services came 15 days after a fire on a freight shuttle forced the evacuation of 34 people and the closure of one of the two main tunnels. A decision on the resumption of freight shuttles which unlike passenger trains - are not completely enclosed, will

"We are back in business from of the two official inquiries which are being carried out into the causes of the fire. Mr Eddle Ryder, head of the UK delegation at the Channel tunnel safety authority, said: The authority is now satisfied that the necessary safety equipment is available and

that revised operating and

evacuation involving 500 staff and their families last Sunday. It will station passenger shut-ties at each end of the tunnel ready to rescue people if a train stops inside and will have two emergency rescue vehicles in the service tunnel. "Remember the service tunnel is a safe haven which is within reach all the time," said

Repairs to the tunnel are expected to take up to six months and could cost £230m.

Brussels plans to force makers to recycle old cars

By Leyla Boulton in London

The European Commission is finalising plans to oblige carmakers to take back disused cars and recycle their components, it emerged yesterday.

Mr Ludwig Krämer, the Commission official responsible for waste management, said the aim was to increase the industry's use of recyclable components and cut the amount of car scrap sent to landfill or simply abandoned.

But the plan, designed to help both the environment and European Union's internal market, is certain to spark have facilities dedicated to discomplaints from carmakers. Several manufacturers have

already concluded more flexible voluntary recycling agreements with a handful of gov-Mr Roger King, director of no recycling provision.

public affairs at the UK's Soci-

ety of Motor Manufacturers are the most advanced in the and Traders, said the industry EU. An estimated 1.5m to 2m was lobbying the Commission to pursue a voluntary approach. But he added: "If we don't succeed then compulsion by the European Commission could obviously be a last

Mr Kramer said the plan would probably be published early next year.

if approved by the Council of Ministers, the rules could take effect in 2002, when manufacturers would have to begin producing cars that would be easy to recycle.

Some EU nations already mantling cars. Several producers, such as Volkswagen, have changed the way they build cars to make them easier to recycle. Others, particularly the poorer EU members, have

cars are recycled in Germany, out of a total of 2.5m cars that reach the end of their useful lives every year.

Mr Krämer said mandatory recycling rules would benefit car manufacturers by providing a level playing field throughout the EU. They would apply to all cars sold within the union by both EU and non-EU manufacturers. "We do not believe it is in

the ... interest even of car manufacturers to have national agreements and framework laws which are different from one state to another," Mr Krämer said.

Details of car manufacturers obligations have yet to be worked out, Mr Krämer said. But additional costs that could not be recovered from selling recyclables would ultimately be passed on to consumers.

Boeing and McDonnell Douglas

Paris bombing Continued from Page 1

Paris and Lyons, and in Lille The attacks led to a large number of arrests and a manhunt over several days by police in Lyons which culminated in them shooting dead Khaled Kelkal, one of the principal suspects in the investigation. Police last night reactivated the "Vigipirate" security plan

launched in the wake of last year's attacks, which involved drafting in soldiers alongside additional police in Paris and other cities, and sealing rubbish bins and other potential locations for bombs.

Europe today

unsettled, windy conditions in

Scotland and Inviend will have numerous showers. Southern England will stay mainly dry with

sunny periods. Patchy rain

across Germany and France to

Portugal and the Spanish plains. Eastern Spain will be dry and rather sunny. High pressure will promote dry but cloudy conditions in Poland

and the Baltic states. Italy will have ample sunshine. The Aegean and southern Turkey will have numerous

Southern France and northern Italy will be very wet during the next couple of days. The southern Alps will have fresh snow above 1,500 metres. Central Europe will stay dry.

thunder showers.

Five-day forecast

ited with the low will stretch

Continued from Page 1

year of on-off talks betwee the US companies which led to speculation about a merger. Although it is limited to wide body sircraft, the unusually close collaboration could mark a turning point in the groups' relationships - and in McDonneil's fortones.

The agreement is "win-win" for both companies, Mr Rou Woodward, Boeing's commercial aircraft chief, said yesterday.

"We have a record number of orders and several develop-

ment programmes. McDonnell Douglas has excellent design and production capabilities that are not being fully util-

ised," he added. Boeing, which has been rehiring workers laid off in the last recession to meet fastmounting orders, last month signed another novel deal under which it will be the exclusive supplier to American Airlines until 2018.

The arrangement, with firm orders and options on up to 630 Boeing aircraft, could be worth more than \$30bn

(£18bn).

FT WEATHER GUIDE from Denmark and southern Sweder



Labour plans fail to bring S Korea into line

By John Burton in Secui

South Korea yesterday proposed reforms to its strict military-era labour laws that fall short of commitments made to the Organisation for Economic Co-operation and Development during the country's recent accession negotia-

The legislation will end a monopoly on trade union activity held by the official Federation of Korea Trade Unions The outlawed Korean Confederation of Trade Unions, a more militant organisation, will be granted legal recognition next year.

The government has also proposed more labour market flexibility by allowing companies to sack workers. In spite of the tough restrictions on trade union activity, Korean workers enjoy strong job secu-

will maintain a ban on multiple unions in a workplace until 2002. This is likely to reduce the immediate prospects of the KCTU representing workers at company level, where most wage negotiations occur.
Officials have feared that

recognising the KCTU, which is strongly supported in the car and shipbuilding industries, could further increase aiready high wage costs.

A ban on political activity by trade unions will be abolished and a prohibition on outside interference in labour disputes will be eased. Dozens of trade union organisers have been arrested in recent years for violating the ban on thirdparty involvement.

Civil servants will still be banned from joining trade unions. Teachers will be able to form a trade union from 1999 for limited collective bargaining, but they will be barred from going on strike. This is well short of the "sol-

emn commitment" made by the Korean government during its OECD accession negotiations to bring its labour standards of the International Labour Organisation. In partic ular, Korea said it would enshrine freedom of associa

tion and collective bargaining The issue of job security rights has recently received attention as Korean industrial groups try to cut jobs in response to a sharp fall in

sales and earnings The reforms will be submitted next week to parliament for approval.

Trade unions have threatened to stage a general strike if job security rights are relaxed. But it is uncertain how much support they would get, since there is almost full employment in Korea, with only 2 per cent unemployed.

THE LEX COLUMN Sterling stumbles

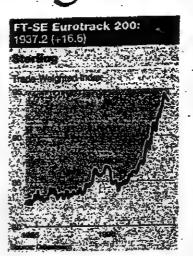
Sterling's fall from grace yesterday was hardly a surprise. Straight-line rallies are unsustainable, and the trade-weighted index's 18 per cent move in four months was as close to gravity-defying as they come. Technical factors played a big part: with the year-end in sight, there was an understandable enthusiasm to lock in profits on one of the few profitable currency trades this year. Survey evidence also showed global investors to be more overweight in sterling than at any time in the past

The question now is whether it is all over for sterling, or yesterday was simply the pause that refreshes. Certainly many of the factors that have fuelled sterling's rise remain. The UK is the only leading economy where markets are expecting higher interest rates - a further 75 basis points tightening is priced in. In Germany expectations of higher rates have disappeared in recent weeks. It also remains the highest-vielding leading bond market in Europe, har Italy, while secondary factors like a buoyant oil price and healthy current account remain supportive. These should prevent any dramatic col-

lapse.
But there have also been changes which suggest the recent highs around DM2.64 and \$1.69 are unlikely to be beaten soon. Business has started to squeal about the. adverse effect of a strong currency, and whatever undervaluation existed has been erased. Short of further D-Mark devaluation, or unexpected economic strength, further gains are unlikely.

Oil bears have had a terrible year. The price has spurted to extraordinary highs, thanks to depleted stocks and the non-arrival of expected fresh supply - notably from Iraq and the North Sea. Now the industry finds itself facing another winter with low stocks. It is small wonder that even the renewed prospect of Iraqi supplies has failed to shift the price much.

Still, the temptation to celebrate a tundamental change in the oil price outlook should be resisted. The idditional supply everyone expeceliminated. And even at prices well below current levels, returns on



the latter is already muttering

In short, long-run expectations should not be overimpressed by a booming spot price. Yet this, it seems, is precisely what has occurred. It is doubtful, for instance that there is much fundamental justification for an increase of nearly \$3 a barrel in the 12month Brent futures price comnared with its level a year ago.

This has particular implications for equity investors. Oil company shares have outperformed world markets by more than 10 per cent this year. True, there have been real performance improvements. But investors have been impressed too by a galloping oil price. The threat to oil shares from a more realistic environment next year is

LucasVarity

Amid all the excitement surrounding the £3.2bn (\$5.3bn) merger of Lucas and Varity, the stock market seems to have lost sight of the fact that adding together two cyclical car parts companies would simply produce one big cyclical car parts company. Yesterday's announcement from LucasVarity, citing patchy demand for its heavy-duty brakes, diesel fuel injection systems and Perkins engines. served as a sharp reminder of the fact - and lopped nearly 7 per cent off the shares. Relative to the market, they are now back to where they were when trading in the combined entity started in September.

new production look attractive. Sustained high prices could also risk tained high prices could also risk tempting the likes of Saudi Arabia and Kuwait to step up their output; than even the optimists had hoped.

Mr Victor Rice, the chief executive has identified £120m of cost savings over the first two years, twice the level forecast initially. Admittedly, he is taking twice the exceptional charge - £250m - to cover asset writedowns and a 15 per cent reduction in the workforce. But given the Lucas, the more radical the shake-up, the better.

MCIscek

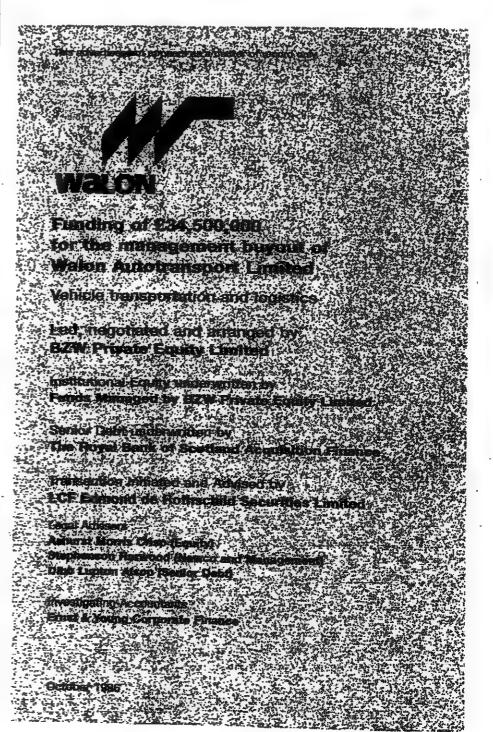
If there is a disappointment, it is the rather limited range of potential disposals. The 13 businesses that are up for sale amount to only 6 per cent of group turnover. They still leave LucasVarity stretched across seven divisions, but with few mar-ket leading positions. This, even more than the restructuring is the real challenge for Mr Rice.

Pernod Ricard

What do you get when you stick Two Dogs together with Pernod Ricard? Sadly, the answer is proba-bly three dogs. This is an acquisition Pernod did not need to make. Pernod has significant drinks distribution in Europe, along with expertise in fruit drinks through Orangina. Alcopops, the faddish alcoholic soft drink, are therefore an obvious product, but Pernod does not need to buy a brand. Hooper's Hooch, the Bass start-up, has already substantially outstripped Two Dogs, and there are other copy-cats emerging. Besides, the European rights for Two Dogs have gone to Merrydown, so Pernod cannot even sell alcopops on its home turf.

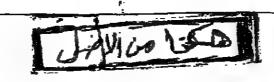
This smacks of a lack of strategic direction from a company which badly needs to do some big deals. Pernod has strong cashflow from its French anis brands, but it faces a steady decline in volumes. Pernod's international brands, from Jameson to Wild Turkey, are doing well, but from a very low base. And, given a limited brand range, the group is struggling to justify the cost of its global distribution network - like Rêmy Cointreau, but without the

The obvious way forward would he either to accuire some significant brands, form spirits distribution pertnerships or sell out. Orangina would be highly attractive to one of the soft drinks giants, and the Irish whiskey business would be lapped up by the spirits giants. But the Ricard family has control and shows no sign of wanting to fund large acquisitions or cash in its investment. So Pernod shares look likely to remain in the dog house.



BANKING, FROM







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"Conceive optimistically, plan pessimistically, and execute optimistically."

> **EKHOCER COTHE FINANCIAL TIMES LIMITED 1996**

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday December 4 1996



INTERNATIONAL TRUCK MANUFACTURES

IN BRIEF

merger approval

British Telecommunications and MCI, its US pariner, yesterday sought the approval of the US telecoms regulator for their proposed merger, setting in motion a process that could take a year to complete. The Federal Communications Commission, the Justice Department and the Committee on Foreign Investment in the US will have to be satisfied before the \$20bn takeover can go chead. Page 23

VW appoints Audi chair to 9 America Mr Herbert Demel, chairman of Audi, Volkawagen's executive cars subsidiary, is to head VW's big South American operations in a move that could pave the way for an eventual bid for VW's chairmanship. The shift will be confirmed at a meeting today of Audi's supervisory board, which will appoint Mr Franz-Josef Pasigan, Audi's head of research and development, as new chairman, Page 19

Australia reises grein expectations Official forecasts for Australia's winter grain production, already at record levels, have been raised again following mild spring weather and good rains. The Australian Bureau of Agricultural and Resource Economics said it now expected winter crop production to be 32.2m tonnes, about 4.6m tonnes more than last year, and a 2.2m tonne increase on the previous record harvest of 1983-84. Page 26

DK suffers from sterling's atrongth Dorling Kindersley yesterday became the latest casualty of sterling's strength as the book and multimedia publisher warned that profits would be hit this year by currency fluctuations. The group, which earns about 40 per cent of revenues from the US, also raised concerns over the "softness" in the US book market. The shares fell 81%p to 437p, Page 23

Correction On December 2 the Financial Times wrongly reported that Sumitomo Bank was involved in the Sumitomo Corporation copper-trading

Companies in this issue

ABB

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Barrick Gold

British Land

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Pernod Ricard snaps up Two Dogs

French drinks group adds Australian publican's pioneering alcopop to its brands

By Nikki Talt in Sydney, derick Orem in Lor and David Owen in Paris

Two Dogs, the young Australian drinks group given to holding marketing meetings at the Bow-Wow Bar, Two Dog Island, Micronesia, has been bought by Pernod Ricard, the Prench drinks producer.

Two Dogs invented the sponymous alcoholic lemm drink which started the international craze for alcopope, the alcoholic fruit beverages popular with the young.

Duncan MacGillivray, an was "completely complemen-Adelaide publican, who owns 70 per cent of Two Dogs' quity. He said yesterday he had been seeking a pariner with financial resources and brand skills for some time. Using only cashflow to establish Two Dogs in 44 countries had been "a bit like sailing a bath-tub round the world".

Pernod said the Two Dogs brand appealed to it because it had achieved rapid international success, particularly in in the US and Asia. A product attractive to a young market

tary" with the group's other activities. It said it would not, however, make it a priority to lamch the brand in France. Pernod's products include the aperitif of the same name and drinks such as Jameson, the Irish whiskey, and Orangina, the soft drink,

No price was given but Two Dogs' annual turnover is believed to be shout A\$150m (US\$122m). The deal is subject to formal approval by Two Dogs' three-dozen shareholders and Australia's Foreign invest-

In the UK, alcopop sales are forecast to hit 2350m (\$584.5m) this year and 2500m next. Two Dogs, in its various forms such as apple or lemon fortified with gin, is the number two brand with about 15 per cent of the market. But it is heavily outsold by Hooper's Hooch, made by Bass, the UK brewer,

which has about 65 per cant. In Europe, Two Dogs is made and distributed by Merrydown, the UK cider company, Some drinks analysts believe alcopops are faddish but Mr Paul Millman, Merry-down's chief executive, said orchard and sold the spiced-up

young adults who prefered sweeter drinks and forecast that growth would continue. Mr MacGillivray said Pernod

stand-alone unit and he would stay on a long-term contract. Two Dogs was devised three years ago, and is reported to come from a racine belonging to the mother of Mr MacGillivray's business partner, Mr David Pahl. Initially, the duo

had insisted on taking full

ownership of Two Dogs, but

the business would remain a

lemonade through the Bull and Bear Ale House, Mr Mac-Gillivray's pub,

A few months ago the company started selling into the US market, but acknowledges that this has not been easy. Yesterday, Mr Jean-Louis Lepeltier, chief executive of Orlando Wyndham, Pernod's

large Australian subsidiary, stressed that the new owner would pursue growth in the US, although he added that Pernod also viewed Asian opportunities as "exciting".

Cheaper model helps Porsche to swift recovery

By Sarah Althaus in Frankfurt

The recovery at Porsche, the German sports carmaker which saw sales plummet in the early 1990s, picked up speed in the first quarter, with turnover climbing 40 per cent to DM822m (\$537m). The improved figures were helped by strong demand for the group's classic 911 model in the US, its largest market.

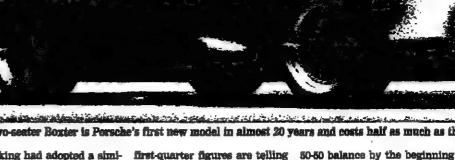
Vehicle sales in the first quarter to the and of October increased 55 per cent to 6,181. Production rose 44 per cent to 5,757 units, including 724 Boxsters, the two-seater cabriolet launched in September.

Mr Wendelin Wiedeking, who joined Porsche as chief seen a restructuring at the group, said yesterday's figures showed the group was "on the right track". However, he was cautions about the full year.

Earnings would be "at least at the year-earlier level" and sales would rise from DM2.8bn to "slightly more than DM3bn", he said. Mr Wiedeking attributed his caution to costs connected with the Boxster's launch and investments in new projects. Porsche's preference shares

edged up DM8 to DM1,198 and analysts said the group's medium-term outlook was good. Mr Georg Stürzer, analyst at

Vereinsbank Research in Munich, said the group's forecasts were "way too conserva-



The two-seater Boxter is Porsche's first new model in almost 20 years and costs half as much as the classic 911

Wiedeking had adopted a similarly cautious stance a year "He predicted only a slight rise in last year's profits and in the end, they sky-rocketed," Mr Stürzer

Net profits in the year to July 31 jumped from DM2m to DM48m, on an 8 per cent rise in sales to DM2.8bn.

"The 1996-97 forecasts are

us: namely that things are looking very good and that the Boxster is obviously going to provide a strong impetus," said Ms Rolla Kautz, analyst at BHF-Bank in Frankfurt.

Mr Wiedeking said orders for the Boxster had been stronger

Production of the Boxster and 911 is currently split 40-60,

911 model is considered crucial to Porsche's long-term performance. It is the group's first new model in almost two

of 1997.

aimed to lift total production from 20,000 vehicles to 80,000

The Boxster, which costs

about half that of the cheapest

The improvement in Porsche's fortunes follows three consecutive years of losses in damped consumption of luxury goods and the global car mar ket slumped. Since then, Porsche has reduced its workforce by a third, slashed costs and The group reiterated that it introduced measures to improve efficiency.

VW share threat, Page 19

Consortium to bid for UK army radio system

By Motoko Rich and Bernard Gray in London Former rivals to tender for \$3.4bn contract

Racal, Sigmens Pleasey and ITT are to combine their bids for the 22bn (\$3.4bm) contract to replace the British Army's battlefield radio system, in a move likely to undermine one of the Ministry of Defence's flagship

The agreement is designed to give the three companies a share of the Bowman battlefield radio system.

Racal's shares, battered by a profits warning on Monday, took support ing 11p to 286p. The UK electronics and defence company also brought

forward its interim results by 48 hours, showing pre-tax profits of 221,2m (280,1m).

Racal, in a consortium with Siemens Piessey, had been competing with ITT of the US for the Bowman contract. Racal said yesterday that the rising costs of the competition had forced the companies to pool their efforts. Recal said it had already spent 230m-240m of its own funds on development and would have had to spend a further 250m before a winner was selected in

Racal yesterday declined to reveal its stake in the enlarged consortium, but it is understood it will take about a third of the contract reve-

The MoD said yesterday it was still considering whether to accept the three-way proposal. However, the department's options are very limited. It could offer to fund development work by the two teams to maintain a competition, or encourage another company to enter the

The MoD is likely to accept the

proposal in the new year, but insist that the group holds competitions for sub-contract work. Racal said it

expected an MoD decision by March, Racal's profits, which included a £10m charge for the reorganisation of the group's data products division, were struck on sales up 19 per cent to 2602m.

Data products recorded an operating loss of £12,2m(loss of £13,2m). However, the company said arestructuring led by divisonal chairman. Mr Paul Kozlowski, appointed last year, would lead to a "modest" profit in

for the full year.

Racal said overall restructuring charges for data products, originally forecast at £20m, would rise to £25m because of increased costs associated with the closure of manufacturing sites in the UK and Italy.

Mr David Elsbury, chief executive of the group, said the increased reorganisation costs would be offset by en exceptional credit from an asset

sale in the second half. Profits in network services more than trebled from 26.8m to £20.6m, and defence radar and avionics raised its operating surplus 43 per

Barry Riley

Not everyone can have a weak currency



D-Mark bloc.

of sterling - at one stage yes-terday it had risen by 8 pfennigs since last week's UK Budget, before diving 5 pfermigs - lies a much bigger triangular game involving the dollar, the yen and the

Everybody wants a strong dollar, although the Americans are becoming equivocal about it. Japan and continental Europe desperately need economic growth, and so they want their currencies to be competitively priced. Moreover, central banks around the world have increasingly vast holdings of dollars and dollardenominated securities, and it would be unfortunate if these reserves were to decline in

The sung is that the US has g large trade gap, which widened sharply to \$11.3bn for September. This does not fit in with the usual calculations that the dollar is undervalued on the basis of purchasing power parity.

Americans are poor savers, so their economy easily gets out of balance with the bigsaving countries of Japan and Europe, in addition, US multinational companies retain profits and other wealth oversons, exaggerating the problem. Huge cash flows from abroad are required to balance the books. This constitutes a destabilis-

ing loop which cannot persist indefinitely. An uncompetitive

dollar widens the trade gap -

Japaneso car exports to the US

jumped 36 per cent year-on-year in October. And the relatively low band yields resulting from foreign inflows discourage the required increase in US domestic savings. The Japanese, at least, have

declared that the yen has depreciated enough. For two months it has been fairly steady at Y112-Y114 to the dollar, at which level Japan is running a hig trade surplus. But now the US elections are over there is likely to be increasing protest about competition from Japan by American industry - especially the motor sector.

Europeans, meanwhile, are anxious not to suffer collateral

Europeans are anxious not to suffer collateral damage from the dollar-yen battle

damage from the dollar-yen battle. If the yen is to be competitive, so must the D-Mark. There is a particular crisis for France, which is suffering desperate economic problems. Former president Valery Giscard d'Estaing has intervened to argue that the franc is too high against the dollar, and because the franc's rate against the D-Mark is inviolable, the answer is that the D-Mark must be encouraged to

Sterling is the odd currency out here. There has been no attempt to engineer a convergette with the continental Arm.

economies, indeed, who would to converge with them in their present state? Instead the British economy is being whipped up into a consumerled boom for electoral reasons The sharp appreciation of the currency (the trade-weighted index is up 12% per cent this year) can be seen as the machanism by which the UK will be

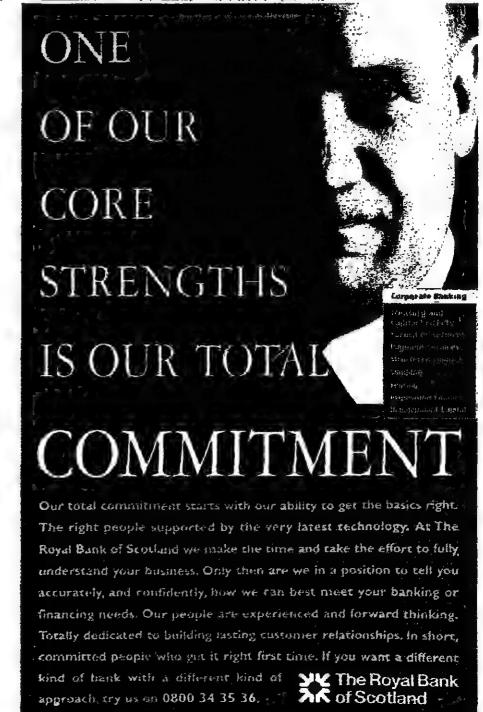
As for the global picture, the pressures seem to be growing. There has been a sudden tumble in the Japanese benchmark bond yield to 2.35 per cent within the past

in seeking to keep alive the banking system by means of ultra-low interest rates, the Japanese government risks ruining the life assurance sector. Last April's cut in guaranteed returns on pension contracts from 4.5 per cent to just 2.5 does not seem to have gone fair enough.

The desperate solution will be a new "wall of money" emerging from Japan in search of higher returns, almost regardless of the risks.

We should note last week's discreet warning from the Bank for International Settlements. It is increasingly worried about euphoria in the securities markets and the erosion of risk premiums, which might be "abruptly reversed by a turn in the interest rate cycle".

Japan is exporting its domes tie financial instability. There are the makings here of the next global bond market bust. But not immediately: there is every possibility of a downwards spike in bond yields



The Royal Bank of Scatland pic. Registered Office: 16 Sc. Andrew Square, Edinburgh EH2 2YB. Registered in Scotland No. 803(2. Regulaced by IMRO, SFA and Personal Investm

TENDER NOTICE UK GOVERNMENT **ECU TREASURY BILLS**

For tender on 10 December 1996

The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 10 December 1996. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England for the account of the Exchange Equalisation

2. The ECU 1,000 million of Bills to be issued by tender will be dated 12 December 1996 and will be in the following

ECU 200 million for maturity on 16 January 1997. ECU 500 million for maturity on 13 March 1997. ECU 300 million for maturity on 12 June 1997.

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Customer Settlement Services. Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 10 December 1996. Payment for Bills allotted will be due on Thursday, 12 December 1996.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of

Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered

8. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in applicants whose teribles have requested or whole or in part. For applicants who have requested credit of Bills in global form to their account with ESO. Euroclear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at Customer Settlement Services, Bank of England after 1.30 p.m. on Thursday, 12 December 1996 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Pic, Bank Relations. St George's House, PO Box 787, 8-8 Eastcheap, London EC3M 1LL. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 50,000,000 and ECU 10.000,000 nominal

Her Majesty's Treasury reserves the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail In the information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 25 March 1989, and in supplements to the information Memorandum. All tenders will be subject to the provisions of the Information Memorandum (as supplemented) and to the provisions of this notice.

9. The ECU 50 million of Bills to be allotted directly to the Bank of England for the account of the Exchange Equalisation Account will be for maturity on 12 June 1997. These Bills may be made available through sale and repurchase transactions to the market makers listed in the information Memorandum (as supplemented) in order to facilitate

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loens Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England

COMPANIES AND FINANCE: INTERNATIONAL

Strong demand for Gas Natural offering

By Tom Burns in Madrid

Gas Natural, Spain's dominant gas importer and distributor, yesterday reported strong demand for the remaining 3.8 per cent of the group owned by Sepi, the public-sector holding company, after setting a high price for the disposal.

were priced at Pta26.000 each. The offering was 3.4 times oversub- the Gas Natural sale was weighted

larly high on the domestic institutional tranche. The disposal was the first market

privatisation by Spain's new centre-right government, and comes before the sale early next year of the remaining 10 per cent of state-owned equity in Repsol, ing group which co-ordinated the Sepi will earn Pta36.9bn (\$284m) the leading domestic oil and chemisale with SBC Warburg, said the from the sale, after the 1.4m shares cals conglomerate, which in turn offer was 3.9 times oversubscribed offered to institutional investors owns 46 per cent of Gas Natural. Unusually for a Spanish issue,

scribed and demand was particu- towards domestic institutions, the international investors.

In an early assessment of the disposal, BBV Interactivos, the brokon the domestic tranche, and 2.7

which were offered 60 per cent of the disposal is now likely to receipts during 1997, double the the shares owned by Sepi, com- prompt a similar weighting amount raised in any single year pared with 40 per cent offered to towards the home market in the from the sale of state-owned equity offer structure of future privatisa- in Spain.

ing unit of the big domestic bank- ment plans to sell its remaining 21 ral's closing price of Pta26,500 on per cent stake in Telefónica, the Monday on Madrid's Bolsa. In the national telecoms company, early the past month, the company's next year and about 20 per cent of share price has risen about 10 per Endesa, the leading electricity util- cent, but it still has to recover its times on the international institu-In all, the government plans to July.

Analysts believe the success of raise \$7.8bn in privatisation

Yesterday's price represented a As well as Repsol, the govern- 1.9 per cent discount on Gas Natu-

ABB chief

executive

joins GM

Mr Percy Barnevik, who is stepping down as chief exec-utive of Asea Brown Boveri,

the Swiss-Swedish electrical

engineering group, has

joined the board of General

GM said it had

approached the 55-year-old

Swede because of his exper-

tise in business globalisa-

tion and technology.

Mr Barnevik is joined by

Mr George Fisher, chairman

and chief executive of East-

man Kodak, the US photo-

The two appointments

expand the number of GM

imaging company.

board

By Greg McIvor in Stockholm

Motors.

Falling paper prices hit earnings at Sappi

By Mark Ashurst in Johannesburg

Sappi, the South African pulp and paper producer, announced a 73 per cent drop in earnings after a year of falling paper prices brought production to a standstill at most mills,

Weak demand and an average of three to four mills knocked operating income, which fell 46 per cent to R1.2bn (\$259m). Earnings for the year to September 80 dropped from 846 cents to 230 cents a share. The final dividend was 140 cents a share.

Mr Eugene van As, chairman, described the performance as "credible" in the face of "awful" trading conditions. Net income slumped from R1.86bn to R404m, as operating margins fell from 17 per cent to 8 per cent.

The decline had prompted 27 changes in senior management after the group forward p/e ratio of Euro- on foreign exchafailed to predict the fall in peen pulp and paper produc- Mr van As said.

pulp prices. Instead, capital ers was 12.8, which he said expenditure on three new was out of proportion to mills in Southern Africa their lower gearing. topped R3bn, exceeding total cash flow from operations of cent to R15.3bn. compared

ing a year of earnings growth," Mr van As said. Analysts said the results were at the lower end of expectations, but added that weeks downtime at most Sappl was undervalued mills knocked operating against the sector. The shares lost R1 to close at businesses in Germany and R41, which gives a forward

p/e ratio of about 6.5. rose slightly from 0.97 a year which 19 percentage points ago to 0.99 at September 30. 1.3 as financing costs of offshore markets. R684m absorbed more than half of operating income.

Mr Murray Winckler, head

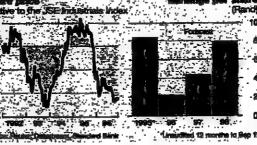
of research at Deutsche Morgan Grenfell, said that in spite of the poor performance, Sappi "looked attractive relative to counterparties". The average

Turnover rose 15.2 per R2.4bn. "We got our timing a with R13.3bn in the previous bit wrong. We were expect- 12 months, which included nine months of contribution from Warren, the US pulp and paper producer acquired at the start of 1995.

Warren contributed 48 per cent of turnover compared with 19 per cent from the the UK. Mr van As said southern Africa contributed The debt to equity ratio 33 per cent of turnover, of was from local operations Interest cover fell from 2.9 to and 14 points from assets in

The benefits of the weaker rand were offset by forward cover on about one-third of sales from southern Africa. The results included losses from these contracts until December, after which Sappl would "move into the new year with no forward cover on foreign exchange sales,'





Sappi had finalised arrangements to buy out minorities in Warren, who total stock, for \$138m in

The integrated structure of the group would reduce Saphold about 22 per cent of the pi's exposure to volatile pulp and paper prices, Mr van As shares or cash. The acquisi- said. He expected a "slow tion was not expected to improvement" in 1997, but have a material impact on warned that excess capacity earnings for the current could disrupt prices towards

directors to 16. Mr Barnevik announced in October his intention to relinquish his management role at ABB, which he forged into one of the world's leading heavy engiyear, nor on Sappi's net the end of the year. maring groups.

He is scheduled to hand over as chief executive at year-end to Mr Göran Lindahl, a fellow Swede, but will remain ABB group chairman.

Mr Barnevik had expressed a desire to pursue other projects and has an indirect connection with GM through his membership of the board of Investor, the Wallenberg holding

Investor and GM share ownership of Saab, the

Thyssen Telecom to form multimedia unit

Thyssen Telecom, a unit of the German conglomerate Thyssen, said yesterday it was establishing a new subsidiary to provide multimedia services for corporate

The new company, Multi- Internet Services.

media Service Genelluchaft (MSG), will take in several Thyssen Telecom subsidiaries, including Spaceline, a satellite communications unit: Ontal, an online service operator; Xtend, an audio-vianal services company; Dialok, a call centre; and an Internet access provider, IS

The formation of MSG, which will be based in Düsseldorf and is forecast to have turnover of DMS00m (\$194.8m) by 2001, follows Thyssen Telecom's failure in June to link up with DBKom, the telecoms unit of the federal rail company Deutsche Bundesbahn. DBKom opted for a joint media services.

the arch-rival of the Thyssen Mr Hans-Erich Forster,

venture with Mannesmann.

Thyssen Telecom chairman, concentrating on three strategic business areas: mobile telephony, corporate fixednetwork services and multi-

Mr Forster dismissed speculation that Thyssen was thinking of retreating from the talecoms husiness, pointing out that in a recently said the company was now . announced restructuring of the whole Thyssen group, telecoms - which are still a loss-making venture - had been identified as a core

company.



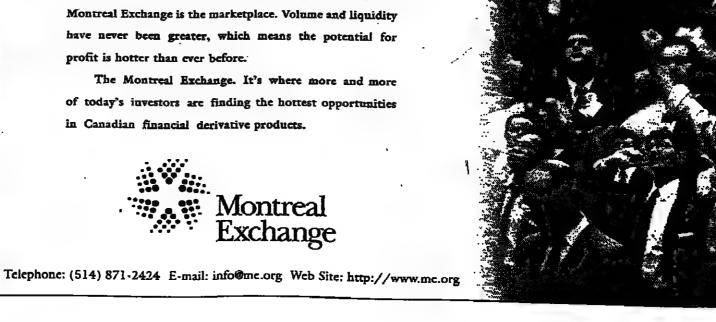


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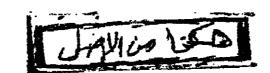








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COMPANIES AND FINANCE: EUROPE

Sideways move seen as grooming Demel for chairmanship of the German carmaker

Audi head goes to VW Brazil

By Wolfgang Münchau in Frankfurt and Haig Simonian in London

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Mr Herbert Demel, chairman of Audi, Volkswagen's executive cars subsidiary, is to head VW's big South American operations in a move that could pave the way for an eventual bid for VW's

chairmanship, The shift will be confirmed at a meeting today of Audi's supervisory board, which will appoint Mr Franz-Josef Paefgen, Audi's head of research and development, as new chairman.

The moves follow a string. of job changes within VW this week provoked by the resignation of Mr José Ignacio López, VW's head of production and purchasing. Mr Demel is replacing Mr Pierre-Alain de Smedt, who is to become chairman of

VW's Seat subsidiary in

not connected to the depar- DM10bn (\$6.5bn) annual ture of Mr López, whose role as head of the supervisory board of VW do Brazil has been assumed by Mr Ferdinand Piech, VW chairman

Mr Demel's sideways move probably masks an attempt to groom him as a potential successor to Mr Piech. The two men worked closely together at Audi when Mr Demel was in charge of research and development case against the German carduring Mr Piech's time as

While Audi has thrived under Mr Demel, he lacks foreign experience. Taking charge of the Brazil operation, which includes responsibility for Argentina, would give him his first taste of running a big company out-

side Germany. VW do Brazil, VW's biggest foreign subsidiary, has seven plants and is a local

Spain. However, the move is market leader. Although the sales at the South American operations are smaller than Audi's forecast DM18bn this year, output at the two units is similar.

> Separately, German analysts yesterday calculated VW's shares could slump by between 15 and 20 per cent in a "worst-case" scenario should GM secure large damages in its US civil court maker over alleged industrial espionage.

Ms Rolla Kautz, BHF analyst, said the shares could fall from yesterday's close of DM592 to DM480 if GM were to win \$5bn in damages under the Racketeer Influenced and Corrupt Organisations Act (Rico). Under Rico, a US law used in the fight against organised crime, a court can award triple

Share orice, DM

Mr Falk Frey, analyst at Bank Julius Bär, a Frankfurt-based bank, calculated that VW shares could fall DM90. He also reclassified VW as a high-risk stock. while retaining a buy recommendation.

GM has accused VW of industrial espionage with Bar said VW was strong against Mr Lopez.

gling sector. Non-perform-

ing loans have fallen from



Herbert Demel: Andi has thrived under his leadership

the appointment of Mr enough to withstand the López, a former GM executive, to the board of Volkswagen in March 1993. Adam Opel, GM's German subsidiary, alleges Mr López stole internal documents and made them available to VW.

worst possible outcome of a court case. "Even the worst case conceivable would not jeopardise Volkswagen as a corporation," he said.

German state prosecutors are expected shortly to bring Mr Frev of Bank Julius a criminal indictment

On Monday, when it became

trolled by a shareholders' pact, due

to run until 2000, which accounts

includes Mr De Benedetti, the

Banco di Napoli draws lone bid

EUROPEAN NEWS DIGEST

record sales

SMH forecasts

SMH, the world's biggest watchmaker, expects record

sales in 1996. Mr Nicolas Hayek, chairman of the Swiss

company, whose brands range from the luxury Biancpain

to the mass-produced Swatch, said yesterday he expected

group sales to rise between 5-7 per cent this year and be

the US, Japan. UK and Asia doing "very well". SMH

profits, which peaked at SFr441m in 1993, have been hit

of its output. Mr Hayek said the strength of the Swiss

franc had meant that the amount SMH received for a

1992 to SFr32. However, the Swiss Franc's recent

L50,000 watch in Italy, for example, sank from SFr52 in

weakness had raised SMH returns and 1996 would be a

"good year". How good, however, depended on December,

which accounts for 15-20 per cent of annual sales. SMH's

registered shares closed 2.5 per cent higher yesterday, at

William Hall, Zurich

by the strength of the Swiss franc. SMH exports the bulk

He said October had been a record month, with sales in

close to the 1992-93 figure of SFr2.8bn (\$2.13bn).

The Italian Treasury is now able to authorise the planned L2,000bn (\$1.32bn) capital increase in Banco di Napoli after receiving a commitment from only one institution to present a bid for its 60 per cent stake in the bank. By the deadline on Monday night only Mediocredito Centrale, the credit institution wholly owned by the Treasury, had said it would definitely take part in the auction planned for December 20. Although other bids may still be lodged. Mediocredito Centrale now has a pre-emptive right of acquisition. It is understood that the European Commission will not object to its bid because of the

Compagnie Bancaire sells stake

Compagnie Bancaire, the French banking group, yesterday raised FFr1.5bn (\$287m) by selling a 6 per cent stake in Cetelem, its consumer credit subsidiary. As a result, Compagnie Bancaire reduced its holding in the unit from 72 per cent to 66 per cent and increased the free float of the shares by about 21 per cent. The 1.28m shares were sold at a price of Ffr1.175 per share - a 5 per cent discount to yesterday's closing price of FFr1,239.

The sale was carried out through a block trade, with Paribas acting as bookrunner and SBC Warburg as joint ead manager. A block trade – also known as a bought deal - involves a bank buying a block of shares using its own capital, to sell to investors at a profit. Compagnie Bancaire is listed on the Paris Stock Exchange where 51 per cent of its shares trade; the rest is held by Compagnie Conner Middelmann. London Financière de Paribas.

Ericsson in Brazil move

Ericsson, the Swedish telecommunication company, has acquired the majority of votes in its Brazilian associated company Ericsson Telecommunicacoes. The acquisition was made through a swap of preference shares for the same number of voting shares with Matel, the local controlling shareholder in Ericsson Telecommunicacoes Ericsson's total holding in the company remains at 50.5 AFX News, Stockholm Communits and press releases about international

companies coverage can be sent by e-mail to international companies@ft.com.

Corporate raider builds 27% stake in Cofide

By John Simkins in Milan

By Matthew Kaminski

Bank Ukraina, the former

agricultural state bank, yes-

terday placed 5.4 per cent of

its shares with western

institutional investors,

nearly tripling the year-to-

date volume on the Ukrai-

The 3m hryvnia (\$1.7m)

deal, the largest trade on a

nian Stock Exchange.

Mr Luisi Giribaldi, the Monte Carlo-based corporate raider who has been buying shares in Cofide, the quoted holding company of Mr Carlo De Benedetti, said yesterday that, together with allies, he now

controlled about 27 per cent. A stake of this size could put Mr Giribaldi in a position of some influence in the event of any restructuring of the companies

knows personally. Since then he and have a lot of faith in him." has been reticent about his intenwhether he had hostile intentions. extraordinary meeting.

ary equity market, matched

all the year-to-date activity

on the computerised "over

The joint-stock bank sold

273m shares at a nominal

price of 0.011 hryvnia as

part of its drive for foreign

issue by April that would

give the European Bank for

Reconstruction and Develop-

regulated Ukrainian second- ment a 20 per cent stake, treesury bills.

Ukraina plans a share

the counter" market.

In an interview yesterday, Mr detti family holds 15 per cent of Giribaldi refused to be drawn on Olivetti, the troubled Italian infor- his plans. However, he said there mation technology company. was no "war" with Mr De Bene-Mr Girlhaldi, a 71-year-old busi-nessman, first bought shares in ing" to have closer ties. "A lot Cofide in February. He said then depends on Mr De Benedetti and he foresaw "friendly collaboration" whether we talk or see each other," with Mr De Benedetti, whom he he said. "I respect Mr De Benedetti

Mr Giribaldi said he had 20 per tions and, when he continued buy- cent of Cofide and, with three or ing the shares, speculation arose as four allies, he controlled about 27 controlled by Cofide or Cir, an to whether he was acting in con-industrial holding company in cert with Mr De Benedetti or shareholder has the right to call an

office of Wood & Company, a of \$9bn.

Prague-based brokerage

which handled yesterday's

Ukraina is the biggest

benk in Ukraine, with assets

of \$1.5bn that gave a return

of 12.5 per cent last year. Its

return on equity is 83 per cent, twice the current yield

on Ukrainian government

Mr Giribaldi said he had contin- has interesting assets," he said. ued to buy Cofide shares because their low price for much of this clear Mr Giribaldi had reached 20 year had made them a good invest- per cent, Cofide was quick to point ment. The shares, which last night out that the company was conclosed down L5.6 at L762.1, fell below L400 in September; Mr Girlbaldi said his shares had cost an for 48.99 per cent of the capital. It average L520. He said that "for now" he had no insurance group Generali, the mer-

plans to take his stake beyond 20 chant bank Mediobanca, and Mr per cent. "My investment and the Carlo Caracciolo, chairman of the safeguarding of my interests is my L'Espresso publishing group. principal concern." he said. Mr Sources closes to the De Benedetti Giribaldi added that he also held 5 family said Mr Giribaldi was

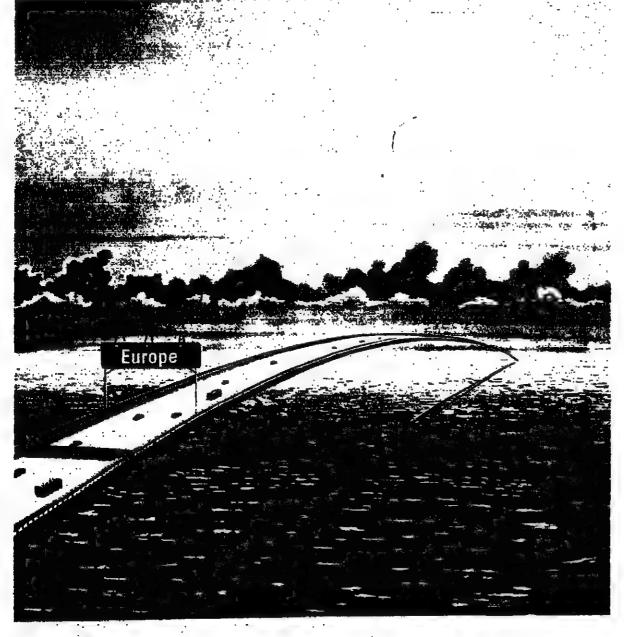
per cent of Cir. "I like Cir a lot - it regarded as a neutral figure. Bank deal triples year's volume on Ukraine SE

> according to Mr Tomas Ukraine has 228 commer-Flala, director of the Kiev cial banks with total assets per cent. The bank also carries an State interference in unwieldy staff of 26,000 that Ukraina's activities casts a analysts believe must be cut shadow over the formerly by at least 10 per cent for government-owned bank's Ukraina to maintain a competitive position. finances. Half its loan portfolio remains in agriculture But traders welcomed the as the government forces unsurge in activity on the through losus to the strug-

country's sleepy exchanges. Total volume on the Ukrainian exchange, which lists 49 per cent of the portfolio just four shares, was 725,000

Ukraine has 228 commer- at the start of this year to 22 hryvnia this year until 1.8m hryvnia in Ukraina shares changed hands yesterday. The OTC market, which handled the remainder of the shares, has seen 900,000 hryvnia of stock traded since its inception in July.

Analysts estimate Ukraine's opaque secondary markets unofficially handle up to \$1.5m in securities a day. Total market capitalisa-



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Citibank, London

Michael Lowe (44 171) 234-2030

November 1996

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NEWS: THE AMERICAS

Eaton plans gentle cycle ride

all sian Mi

1996 FINANCIAL Scotiabank 5 **REPORT**

Consolidated Statement of Indome: 🐔				
(Canadian \$ millions except per share amounts)				
For the year ended October 31		1996		199
Interest income				
Loans Securities Deposits with banks	\$	7,881 2,001 740	\$	8,00 1,93 59
_		10,622		10,53
Interest expense				
Deposits Subordinated debentures Other		5.014 214 812		6,16 20 1,04
-		7,040		7,42
Net interest income Provision for credit losses		3,582 390		3,11 56
Net interest income after provision for credit losses Other Income		3,202		2.55
Service charges Credit tees Investment banking Foreign exchange and precious metals Other		439 337 422 164 418		39 29 26 11 49
		1.780		1.55
Net interest and other Income	_	4,982		4,11
Non-interest expenses		_		
Salaries Pension contributions and other staff banafita Premises and equipment expenses,		1,702 208		1,430 21
including depreciation Other		664 643		58
-		3,217		2,84
Income before the undernoted: Provision for income taxes Non-controlling interest in net income of subsidieries		1,765 665 31		1,261 37 2
Net income	\$	1,069	\$	870
Preferred dividends paid	\$	113	S	104
Net income available to common shareholders	\$	956	\$	77:
Average number of common shares outstanding (000's)	2	234,358	2	28,598
Net income per common share	\$	4.08	\$	3.38
Dividends per common share	\$	1.30	S	1.24

(Canadian \$ millions)		
As at October 31	1996	1995
Cash resources Securities Lours Other service	\$ 14,737 25,905 104,733 11,886	\$ 16,728 21,974 97,086 11,399
Total assets	\$ 157,261	\$147,189
Deposits — Personal Business and governments Banks	\$ 47,768 44,981 25,145	\$ 45,538 41,747 24,060
Total deposits Other liabilities Subordinated debentures Equity — Preferred Common	117,894 28,367 3,251 1,325 5,424	111,345 25,275 3,249 1,575 5,745
Total liabilities and equity	\$ 157,261	\$147,189

The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles including the accounting requirements of the Superintendent of Financial Institutions Canada The statements include the assets, liabilities and results of operations of the Bank and all of its subsidiaries and effectively controlled associated corporations after the elimination of intercompany transactions and balances. Investments in associated corporations, where the Bank has significant influence or holds at least 20% but not

Note 2: As et October 31, 1996, 237,448,511 common shares were issued and outstanding (October 31, 1995: 232,256,402). The per share statistics have been based on the delity average of equivalent fully

The Shareholders' Auditors have audited and reported on the Consolidated Financial Statements of the Bank as at and for the years ended October 31, 1996 and 1985. Their report is included in the

Certain comperative amounts have been

ecutive Officeut Scala Pieze, 44 King Street West, Toronto, Canada MBH 1H1.
In addition to more than 1,230 branches and offices across Canada,
reactos, offices, subsidiaries and associated corporations in over 40 countries a Including the Unterd States, the Caribbean, Cantrol and So Europe and Africa and the Pacific film.

THE BANK OF NOVA SCOTIA



USD 21,000,000

Short Term Loan Facility

Rosslyskiy Kredit Bank, Moscow

Ananger and Agent

Raiffeisen Zentralbank Österreich AG (RZB-Austria)

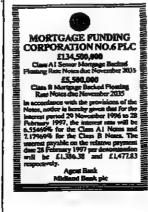
Bank Handlowy W. Wasszawie SA

Bank Handlowy International S.A.

BIG Bank AGLLondon Branch Hesse Newmon & Co.

Magyar Külkereskedelmi Bank Rz. Kornskodskil es Hitabark Rt.





SGA SOCIETE GENERALE
ACCEPTANCE N.V.
FRF 500 000 000 REVERSE
FLOATING RATE NOTES
DUE JUNE 2003
EMN CUDE: 15004147860 For the period December 02, 1996 to March 03, 1997 the new rate has been fixed at 11.75 % P.A. Next payment date: March 03, 1997 Componer: 12
Amount:
FRF 2 970.14 for the emination of FRF 100 000 FRF 29 701 39 for the emination of FRF 1 000 000 THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST LUXEMBOURG

TOSHOKU FINANCE NETHERLANDS B.V. US \$10,000,000 Floating Rate Notes 1998 4th December, 1998 to 4th June, 1897 Interest Rate 9_25499% pe Interest Payment due Ith June, 1997 per US \$10,000 Note US \$316.21

Receipt and net sales fell 40 Nippen Credit International Limited London per cent to \$35.2m.

ment changes from night to amount to only 2 per cent of bolds a 31 per cent stake, are day." Hence the company's insistence on maintaining a balance between develop-

ment and rental properties. "We are in a very good position to take advantage of economy over the past six three properties with cash at months - the room for the business to develop is

immense," he says. Buenos Aires has some of the cheapest real estate in 19 per cent of its portfolio in the world. Purchase prices for prime office space average out at \$2,600 a square metre, compared with \$3,000 After the early 1990s, a in São Paulo and \$8,393 in period so flourishing that developed cities such as New York or Paris. Yields can go as high as 13 per cent.

against the 6 per cent in Europe and North America IRSA has 45 per cent of its \$217m property portfolio in office space, and has a policy of renting to blue-chip tenthat maintained the compa- ants. It owns 13 properties in ny's 1996 profits at \$21m, a Argentina, including flaglevel similar to 1995. Earn- ships such as the Pirelli and has occupancy rates of 97

Mexico and 19 per cent in retail and leisure. the UK), Mr Mindlin believes

the transformation in the making the banks more will-nities. At the end of June,

end of fiscal 1997. On the retail side, It is con-

GDP (against 6 per cent in a combination of residential,

The company's high levels the potential for residential of cash reserves both act as a cushion and help it to take advantage of cheap opportu-IRSA had \$73.7m in cash, 23 per cent of its assets, and it aims to make further acquisitions. Analysts believe the company could increase its leverage, but remain cautious. "It is a very shrewd made the right investment decisions, but I would be wary if they increased their RSA's flagship residen- debt further," said one. "It is tial development is a very opportunistic

> Outside Argentina, IRSA has operations in Brazil and Venezuela, both with local partners - a crucial element. "Real estate needs local expertise," says Mr Mindlin.

strategy in other countries, taking advantage of a sector with big potential in a growing economy with a lack of competition," he says. Hence a reluctance to move into market is already well developed and competitive.

Clare Gascoigne



Robert Eaton: 'Almost going broke turned out to be a lucky break for us'

manufacturers. Using that down and makes it possible to spread vehicle develop-"There isn't any place we could produce this efficiently," says Mr Eaton.

depends greatly on the future direction of the dollar. Until it reversed course last month, the US currency had risen steadily against the Japanese yen for a year and a half, eating into the global currency advantage that has been one of the engines behind Detroit's 1990s revival. That has served to slow Chrysler's move into the Japanese market, where it took control of a local distributor amid considerable not to get themselves into publicity in 1995.

A sign of that discipline, adds Mr David Healy of Burnham Investment most economists in-Research, was Chrysler's Detroit continue to project a to expand export opportunidecision to walk away from steady weakening of the ties" from the US, says Mr a planned Chinese investment last year after the driven by the continuing international operations. large trade imbalance last thing they're going to do is build a big new assembly hold a similar view is plant in Europe or China," suggested by the continued last year to strengthen its investment by companies grip on its global distribu-Underpinning Chrysler's new US facilities. "I see (the new push into international markets is a North Ameri- Japanese] very definitely

want to be butchered by the yen any more."

To supplement its US manufacturing base, Chrysler ment costs more widely. plans to continue making what Mr Gery Valade, chief financial officer, calls 'opportunistic" investments That strategy, though, in manufacturing facilities overseas. These include a plant in Argentina, which is due to begin assembling Jeep Grand Cherokees early next year, and a joint venture with BMW in Latin America to build engines.

Chrysler is also in the process of raising output at its ioint-venture plant in Austria, where production of Voyager minivans will be raised in April through the addition of a third shift.

International expansions like these provide additional production capacity or espite the dollar's access to markets where strength, though, import restrictions apply, but "don't weaken the aim greenback against the yen. Tom Gale, head of Chrysler's

company has set out since dealer networks in countries than it has in the past. can production base that has expanding their investment like Italy, France and Japan.

So far, though, these

Toyota, as one of the world's bour, a US auto industry efforts have yet to yield sigmost efficient car and truck consultant. "They don't nificant extra overseas sales, Largely because of a collapse in the Mexican automobile market in the wake of the peso's devaluation, Chrysler's international sales last year, at about 241,000, were some 5 per cent lower than

> the game plan. "The aim is to build a counter-cycle to the US, says Mr Gale. European mar-kets remain depressed, putting them on a different cycle from the US, while growth in demand for new vehicles in Asia suggests that cyclicality will not develop until "way out into

the future". The geographic balance of which Chrysler executives dream, however, will not come about in this, or even possibly the next, business cycle. And lifting the company's overseas sales past the 1m mark would take the cent at present to about 25 While basing its vehicle per cent. Other big car-That Japanese carmakers operations on the US, the or more of sales outside their home markets.

For now, Chrysler will have to count for its prospersuch as Toyota and Honda in tion channels. That has ity on its ability to ride the included taking control of its US economic cycle better

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THE PROPERTY OF

Richard Waters



a blank sheet of paper.

what amounts to one of the US's most ambitious export

drives. His aim, he says, is to

double Chrysler's interna-

tional sales, to 500,000

vehicles a year, by the end of

the decade, then double

them again sometime in the

decade after that. One early sign of that push is that the

company now makes five

right-hand drive vehicles, an

indication that it is finally

getting serious about attack-

This export drive, which

echoes the international

development of the Japanese

carmakers in an earlier

period, has so far drawn

strong support on Wall

Street. "They're taking a

very disciplined, conservative approach," says Mr Nick

Lobocarro, auto industry

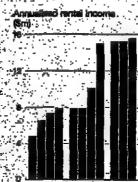
analyst at Bear Stearns.

"They are trying to become

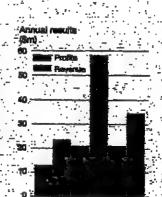
an international player – but

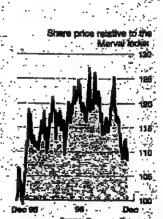
any risky situations."

ing markets such as Japan.



set the company alongside in the US," says Mr Jim Har-





IRSA finds room for growth

Argentine property group aims to exploit transformed economy

he Mexican currency crisis was a wonderful opportunity for prop-Mr Marcelo Mindlin, vice-president of IRSA, Argentina's only quoted real estate company.

"We were able to buy a very good price," he says. "It was a very good year for consolidating." Not that IRSA, which has

development property, was untouched by the 1994 currency crisis.

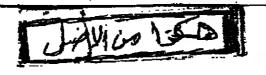
there were worries that Buenos Aires' distinctive skyline would be altered beyond repair, the development market died. It was only income from rental properties which account for 52 per cent of IRSA's portfolio ings per share, however, dropped 15 per cent to \$1.87 per Global Depositary per cent.

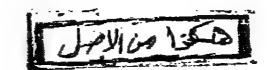
The remainder of its portfolio is split 50-50 between centraling on supermarkets. Chile, where the real estate "In emerging countries retail and residential. In a and shopping centres, you have to be twice as country where the average although developments such financially conservative," Mr length of a mortgage is as Mercado de Abasto in Mindlin says. "The environ- seven years and mortgages Buenos Aires, in which IRSA

growth is significant. "Economic stability is ing to give credit," he says, while the privatisation of the pension funds should help grow the market in mortgage securitisation; Argentina's pension funds currently have assets of about \$5bn, or 2 per cent of GDP, management team that has compared with 35 per cent of GDP in Chile.

Abril, an 310 hectare company." estate just outside Buenos Aires that it is developing in partnership with Alto Palermo, the real estate subsidiary of oil conglomerate Perez Companc. The planned development includes sports facilities, shops and a school as well as houses, and the Libertador buildings, and first sales are expected to come through towards the

"We want to repeat our





COMPANIES AND FINANCE: ASIA-PACIFIC

Malaysian Mining quits Bakun team Malaysian Mining quits Bakun team

in Kusia Lumpur

. 3

Malaysian Mining Corp, the country's leading mining company, has pulled out of the consortium set up to operate the Bakun hydro-

Analysts say the move reflects growing concern over the financing of southeast Asia's biggest infrastructure project, which will cost M\$13.6bn (US\$5.4bn) to

Mr Anwar Ibrahim, the deputy prime minister and

day that Malaysian Mining had reversed an earlier deciaion to take a 5 per cent stake in Bakun Hydroelectric Corp, the company which will operate the dam. He said the mining group felt it would not have enough say in the manage-

ment of the project. Industry analysts, however, say the decision also reflects widespread concern in Malaysia that Bakun planned initial public offer-

under special guidelines which allow infrastructure

make operating earnings Mr Anwar said. He added until 2002 or 2003, when it that any company interested starts to produce electricity. in taking the 5 per cent For some investors - espe- stake from Khazanah could and various government cially foreigners, who have negotiate with the finance been allocated a 10 per cent ministry. share of Bakun's equity this wait is too long. Many utive chairman of Ekran, the Hydro-electric Corp's also that that risk resociated company managing the with the project, which will

The government invest- year, or the beginning of

projects without current ment arm, Khazanah earnings to raise equity Nasional has agreed to take over Malaysian Mining's Bakun is not expected to proposed 5 per cent stake,

Mr Ting Pek Khiing, execing may be undersubscribed. require the laying of the he wants Bakun Hydro-group.

take place at the end of this next.

Apart from the 10 per cent foreign investor allocation. local investors, with the remainder going to Ekran organisations or government-linked companies.

Taiwan regulatory authorities to delay the launch. construction of the dam is The CME has obtained US ABB Asea Brown Boveri, the regulatory approval to list Dow Jones Taiwan Stock Index futures and options. The contracts are based on

an index of 117 of the largest and most liquid stocks on the Taiwan Stock

foreign capital.

They will trade excluto allow foreign investment sively on the Glober afterin the A-share market fear. hours electronic trading sysing instability caused by tem, set up by the CME in rapid inflows and outflows of partnership with Reuters Boldings and the Marché à At the same time, how-Terme International de ever, it is thought that for-France (Matif).

press on

tutures

with Taiwan

By Laura Tyson in Taipei

The Chicago Mercantile

Exchange has set a date of

January 8 for the start of

trading in Taiwan index

futures, in spite of pleas by

As the trading hours of eign fund management might dampen speculation in Globex coincide with those the A-share market by proof the Taiwan Stock moting longer-term, institu-Exchange, Taiwan regulational investment. The tors are emerged that CME trade could negatively affect A-share market is still dominated by retail investors. domestic share price movewhich has contributed to

"We asked them if they Mr Chen also said yester could wait until our domesday that China would grant tic futures market was set licences soon for foreign un and then we both could banks to conduct local curstart trading at the same rency business in Shanghai. time, but it seems they want to go ahead," an official at A statement was expected in days rather than weeks, he Taiwan's Securities and Exchange Commission said Mr Chen did not say how yesterday.

many licences would be The official said preparagranted, but the Shanghai tions were under way for Star newspaper named three the establishment of a successful candidates - Citidomestic futures exchange. but the timing depended on bank, the Hong Kong and when the Legislative Yuan, Shanghai Banking Corp. and Tokyo-Mitsubishi Bank. Taiwan's national legislature, passed a futures trad-

> The CME offered to delay trading the products until January 15 if the Taiwan Stock Exchange signed an information-sharing agreement, but no accord was rigned.

"We've talked in the past about using the after-hours system as an incubator for new products," the CME said, adding the contracts may trade in open outcry if there is enough interest on

ASIA-PACIFIC NEWS DIGEST

TNT to sell Union **Shipping interest**

TNT, the Australian transportation group being acquired by the Netherlands' KPN group for A\$2bn (US\$1.62bn), is to sell its 50 per cent interest in the Union Shipping business to New Zealand's Brierley Investments, which holds the other half-interest. No price was disclosed.

Union Shipping runs ship-owning, management and agency services in New Zealand and Australia. The New Zealand-based operations are concentrated on trans-Tasman bulk and liner services, while the Australian business takes in a half-share in Coastal ExpressLine, which operates a three-vessel service between Melbourne and Sydney and Tasmania. Union operates four ships, and incurred a small loss in 1995-96, according to TNT's earnings statement, but had been marginally profitable in the previous two years.

Payout at George Weston

Shares in George Weston, the Australian foods manufacturer controlled by Associated British Foods, jumped 25 cents to A\$8 yesterday after it announced it would pay a special one-off dividend worth A\$1 a share. The company told shareholders at its annual meeting that the payment was in acknowledgment of the recent improvement in profits and sales, but should not be anticipated as a regular event.

The company posted an after-tax profit of A\$54.1m (US\$44.1m) in 1995-96, on sales 13.3 per cent higher at A\$1.28hn. It also said trading in the first three months of 1996-97 was in line with expectations. Nikki Tai

China group to raise HK\$1bn

China Resources Enterprise, the mainland-owned conglomerate, is raising some HK\$1bn (US\$129.3m) through a share placement to help fund its proposed acquisition of a stake in Hutchison International Ferminals, the ports company. According to underwriters China Resources Enterprise is to place 91m shares at HK\$11.25 each, cashing in on Hong Kong's buoyant stock market, which last week reached a record high.

The funds will help acquire the 10 per cent stake in HIT now held by the parent company, China Resources Holdings, which is being sold for US\$450m. China Resources Enterprise will finance the balance with a bridging loan of \$150m, and also plans a second placemen later, underwriters said.

The deal is the second cash-raising exercise by the company, which has been one of Hong Kong's fastest growing "red chips", or China plays, in recent months. Last month it spun off its China property division in a separate listing. China Resources is an arm of China's ministry of foreign trade and economic co-operation. Louise Lucas, Hong Kong

LG Chemical in India buy

LG Chemical, of South Korea, a unit of the LG conglomerate, said yesterday it had bought Hindustan Polymers of India for \$35m, as part of its expansion efforts Hindustan Polymer makes 40,000 tons of polystyrene

10,000 tons of expanded polystyrene insulation and 20,000 tons of styrene monomer a year. LG Chemical is also considering plans to construct another polystyrene plant AFX News, Secu. in the country.

China to open up A-shares to foreigners

in Hong Kong and Sophie

China plans to open its domestic A-share market to a limited number of foreign fund management companies next year, according to a senior official at the People's Bank of China.

However, Mr Chen Yuan, deputy governor of the Chinese central bank, said that the proposed pilot scheme did not signal the merger of the A-share market with the B-share market, which is reserved for foreign

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'We are talking about having very few joint-venture fund management companies participate in the pilot scheme," said Mr Chen, speaking after a conference in Hong Kong, "Foreign fund managers can raise funds from the domestic markets and invest in A-shares. The foreign partner would do technology transfers," he

By Michiyo Nakamoto

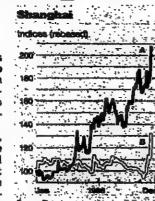
Sanyo, the consumer electronics

enter Japan's increasingly

competitive long-distance telecoms

The move follows deregulation in

in Tokyo



Mr Chen's comments came amid strong speculation that Beijing was considering opening up the A-share market to foreign investment. The Shanghai stock mar-

ket rose 9.9 per cent on Mon- a lack of liquidity. day, before slipping yesterday. B-shares in Shanghai rose 11.6 per cent, on expectations that Belling might introduce measures to lift Several foreign investment

industry.

company, has unveiled plans to network to offer long-distance

the autumn, which opened the October allowed companies which

market to competition from lease private lines from telecoms

companies outside the telecoms

would use its domestic leased-line

telecoms services at rates 30 per cent

lower than those charged by NIT,

Deregulation put in place in

the dominant domestic operator.



companies have urged an foreign ownership could be end to the separation of achieved by investment lim-A-share and B-share mar-its, as in other markets. kets, arguing the B-share markets in Shanghai and Shenzhen have suffered from

Last month, Mr Philip rent account since the begin-Tose, chairman of Peregrine ning of this month, full con-Investment Holdings, the Hong Kong-based merchant bank, called for a merger of unclear how foreign funds the A-share and B-share could be exchanged for yuan markets. He said controls on to invest in A-shares.

Sanyo moves into long-distance telecoms

Sanyo said that from January it Sanyo's initiative follows announcements that Matsushita, Japan's largest consumer electronics company, and Mitsubishi Electric next year using their leased lines.

also plan to offer telecoms services in the international market. The cost Following deregulation of the substantially higher in Japan than

An obstacle to a market

merger is currency convert-

ibility. While the yuan has

been convertible on the cur-

vertibility appears a long

way off. Without this it is

operators to connect both ends of ministry of posts their leased lines to the public telecommunications is expected next year to allow leased lines in the international market to be connected to the public network at

The move should spur competition of calling to another country is domestic leased-line market, the in other industrialised countries.

Fortis raises forecast

Key figures Fortis AG and Fortis AMEV first three quarters

	Fortis A	G (in BEF)	increase.	 ortis AMEV (ii	NLG)	Increase
	1996	1995	in H.	1996	1995	in %.
					an in at an in the same	
Net earnings per share	266	231 ਜ	15-	5.33	2.89	15
Equity per share	2,713	2,258	21	37.43	31.89 "	17
") Sharend 1995. ") 1992 alfanted to reflect changes in co	. ii . ii					1
(and Figure of the Ports (UET shares	Min June 1996.					

group, it is active in the felt of Insurance brakery and rivestriere in Modern Election the Limited States and Australia PACE OF THE STREET SET FRAME companies. Forth has over 30,000 employees.

it to possible to invest in Fortis through the shares and depositaty receipte for shorts in its two perent certipedies, Fortis AG erel Fortis AMEX, each: of which owns 30% of Forts

Fortis AG is listed on the exchanges of Bussels, Antivers London and Langueourg. Fortis AMEN IS INSINIO THE archanges of Antibactus. Landon and Livernicking and res a spensored ADR program to



profit rose by 18% to ECU 554 million. The operating result increased by 16% to ECU 863 million. This fine development is attributable to growth in the result from life insurance, other non-life insurance and banking. Total income increased by 9% to ECU 13.8 billion. On balance, movements in exchange rates had virtually no impact on Fortis' results.

During the first nine months of 1996, Fortis' net

The earnings per share of both Fortis AG and Fortis AMEV rose by 15%

Key figures Fortis first three quarters

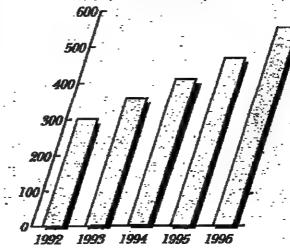
(in RCU million)	1996	1995	Increase in H
Total income	15,790	12,693	9.
Operating result	863	742	16
Net profit	554	469	18
Net equity	5,474	4,776 "	15
Total assets	127,143	125,486	1

Prospects

In view of the fine results, Fortis is raising its forecast: barring unforeseen circumstances and sharp fluctuations in exchange rates it is expecting an increase of between 12 and 15% in its net profit for the whole of 1996.

The two parent companies of Fortis also raise their forecast. They are expecting an increase of at least 10% in earnings per share for 1996 as a whole.

Net profit Fortis first three quarters 1992 - 1996 (in ECU million)



(in ECU million)

Operating result Fortis

first three quarters 1992 - 1996

banking

Information

A copy of the three quarter results report of Fortis and its two parent companies can be obtained by contacting Fortis Group Communication.

Fortis Boulevard Emile Jacqmain 53 Archimedeslaan 6 1000 Brussels 3584 BA Utrecht Belgium the Netherlands Tel.: 32 (0)2 220 93 49 Tel.: 31 (0)30 257 65 48 Fax: 32 (0)2 220 80 92 Fax: 31 (0)30 257 78 38



Independent Newspapers, PLC

IR£ 400,000,000

Term Loan and Revolving Credit Facilities

Bankers Trust International PLC

Co-Arrangers

Bank of Ireland

Irish Intercontinental Bank

National Australia Bank Limited

The Bank of Nova Scotia

Ulster Bank Markets

Bankers Trust Company





For information please contact Kenneth A. Lopian (212) 815-2084 in New York, or Michael C. McAuliffe (0171) 322-6336 in London.

E-Mail: ADR@BankofNY.com

This announcement appears as a matter of record only.

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Credito per le Imprese e le Opere Pubbliche Societá per Azioni Floating Rate Notes Due 2001

In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from November 29, 1995 to May 29, 1997 the Notes will carry an interest Rose of 6.7% per annum. The amount of interest payable on May 29, 1997 will be inside the 33,224,656 per hatten Lire 1,000,000,000 processi smooth of Mass.

December 4, 1996

EUROFIMA

peen Company for the Fin of Reilload Rolling Stock

U.S. \$250,000,000

Deutsche Mark LIBOR Based

For the Interest Period 3rd

December, 1996 to 3rd

March, 1997 the Notes will carry an interest Rate of 5.375% per annum with

Swiss Bank Corporation

CHASE



EUROPEAN COAL AND STEEL COMMUNITY GBP 52 790 000 FLOATING RATE NOTES DUE 1997 ISIN CODE : XS0837796298

1996 to May 30, 1997 the new rate has been fixed at 6.05938 % P.A. Next payment date: Msy 30, 1997 Conpon nr: 10 GBP 30.21 for the

Coupon Amounts of U.S. \$13.44, U.S. \$134.38 and U.S. \$13,437.50 per U.S. \$1,000, U.S. \$10,000 and omination of GBP 1 000 GBP 302.14 for the U.S. \$1,000,000 Notes respectively. The relevant Interest Payment Date will be 3rd March, 1997.

HE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST LUXIMIBOUR

ABBEY NATIONAL TREASURY SERVICES PLC

SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 800 800 900 REVERSE FLOATING RATE NOTES DUE DECEMBER 2003 ISIN CODE - TS004611972

For the period December 02, 1996 to March 03, 1997 the new rate has been fixed at 9.375 % P.A.

March 03, 1997 Coupon ar: 11

THE PRINCIPAL PAYING AGENT

SOCIETE GENERALE BANK & TRUST LIXED BOURG

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FRF 1,000,000,000 Guaranteed Tec 10 **Indexed Floating Rate** Notice is hereby given that the rate

of interest for the period from 4 December 1996 to 4 March 1997 has been fixed at 4.69 per cent per annum. The coupe nts due for this period are FTF 117.25 per denomination of FTF 10,000 and FTF 1,172.50 per denomination of FTF 100,000 and are payable on the interest payment date 4 March 1997.

The Fiscal Agent BNP BNP (Linearbound) SA

COMPANIES AND FINANCE: THE AMERICAS

Four Seasons joins Carlson in hotel deal

By Bernard Simon

Four Seasons, the Torontobased luxury hotel operator, has formed a partnership with Carlson Hospitality Worldwide, the privatelyheld US travel hotel and restaurant group, to expand the Regent International hotel

Regent's nine existing properties include some of the Pacific Rim's best-known hotels, such as those in Hong Kong, Sydney and Singapore. Carlson intends to double the size of the chain over the next two to

three years. Regent is wholly-owned by Four Seasons but has a separate management team, based in Hong Kong.

The deal with Carlson is designed to marry the Regent brand name and Four Seasons' expertise in luxury hotel management. with the Minneapolis-based group's franchising and marketing muscle,

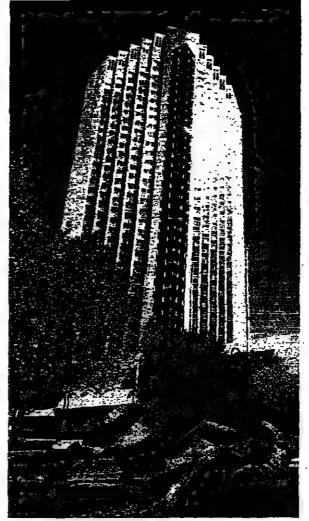
Four Seasons said it was attracted by Carlson's wide access to sources of capital to develop new hotels. Carlson's other interests include the international Radisson Hotel chain, which is run argely by franchisees

Carlson's extensive travel agent network, comprising 4,000 outlets in 125 countries will also be used to promote Regent hotels. Under the deal, Four Sea-

sons will retain its manageent contracts for the existing Regent chain until they Carlson will set up a whol-

ly-owned subsidiary to franchise new Regent properties. Four Seasons will share in the franchise fees, but will have no ownership interest or financial exposure to these hotels' operations.

Seasons will be free to sign management contracts with new Regent hotels, sharing its fee income with Carlson.



The Regent Hotel in Sydney

"we'll both be motivated to source growth opportunities for Regent on both the franchise and management fronts". The Canadian group,

which retains ownership of the Regent brand name, aims to exert a measure of control over the enlarged Separately however, Four chain through a detailed code of physical and operations standards, to be compiled in co-operation with Carlson. "We are chief financial offi- contributing to that Goa, India.

said yesterday that process," Mr Ludwig said. Four Seasons, a listed company controlled by its founder, Mr Isadore Sharp. has been seeking ways to extend its reach with limited

Prince al-Walcod bin Talai Abduleziz, the Saudi Arabian investor, bought a 26 per cent stake in 1994, and has become an active participent in the chain's expansion. Four Seasons is due to open three hotels of its own within the next year, in Mr Doug Ludwig, Four explicitly responsible for Indonesia, California and AMERICAS NEWS DIGEST

Loctite struggle reaches deadline

the defics

The transatiantic struggle for control of Loctite, the US adhesives and sealants company, is due to come to a head later today with a deadline set for the submission of bids for the company.

The passing of the deadline, fixed for this afternoon in New York, should reveal whether the company has attracted any potential buyers other than Henkel, the German chemicals company which is already its largest shareholder. It was Henkel's \$1.2bn bid for the 85 per cent of Loctite that it does not already own that prompted the auction procedure now under way at the US company. In spite of a report yesterday that Loctite was in

discussions with another, unnamed bidder, it remained unclear whether the company would receive any rival bids by today's deadline. For its part, Henkel said at the weekend that it had yet to decide whether to submit a formal offer of its own under the rules set out by the US

If it does not, the German company could decide either to increase or leave in place its existing tender offer for the company, which is due to expire on January 6, one person close to the company said. Alternatively, it could opt to sell its shares to another, higher bidder - though Henkel has said that its approach to Loctite was not ntended as part of an exit strategy.

Even if Loctite manages to attract a rival offer, it may find it difficult to repel Henkel's advances. The German company stands to reap greater cost savings from a merger than many other potential buyers - a consideration which in part accounts for the US company's complaint that Henkel has not offered to pay a high enough price for the acquisition.

Also, with 35 per cent of Loctite's stock already in its control, Henkel would need acceptances from holders of only a fifth of the remaining shares to win control.

Go-ahead for Manitoba sale

The government of Manitoba, one of Canada's prairie provinces, is going ahead with the C\$950m (US\$702m) privatisation of Manitoba Telephone System and an initial public offering of 70m shares.

The underwriters, RBC Dominion Securities and CIBC Wood Gundy Securities, said the final price would be set by December 20 but would not be higher than C\$13.50 a share. Priority will be given to Manitoban residents, who can pay a first instalment of C\$7 and the balance in January 1998.

The offer is expected to close early in January and the shares will trade in Toronto, Montreal and Winnipeg. No single investor will be allowed to own more than 10 per cent of the MTS shares and if the issue is over-subscribed the issue will be pro-rated.

MTS earned C\$15.1m on revenues of C\$540m in 1986 and C\$23.3m in the first nine months of 1996, against C\$11m a year earlier. MTS will use C\$400m of the IPO proceeds to reduce debt and the Manitoba government, as revious owner, will receive about C\$545m.

If the debt had already been reduced, MTS estimates the latest nine months would have shown a profit of C\$55.9m. Robert Gibbens, Montrea

Technical obstacle to US telecoms link

In New York

linking together the US's phone networks are likely to delay the arrival of full competition in the country's \$100bn local telephone husiness, a senior executive of AT&T, the biggest longdistance carrier, said this

The warning from Mr John Ziglis, AT&T general counsal, comes as state-bystate arbitration hearings are drawing to a close over the commercial terms on which rival telephone companies will eventually link their systems. Evidence from these arbitrations suggests

share of local call business, Mr Ziglis and other tele-Technical difficulties in phone company executives

> organised in New York by Salomon Brothers, Mr Ziglis eaid of the arrival of local competition: "It's probably going to be longer than a lot of people are predicting."

Uncertainty over deregu-lation has already cast a cloud over the process this autumn, with a Federal court blocking the nationwide pricing rules developed by the Federal Communications Commission in preference for state-by-state nego-According to Mr Ziglis,

though, technical obstacles that newcomers will be able to competition present a hig-

> posal, Barrick would acquire 75 per cent of Bre-X's stake, which includes a 90 per cent

interest in the richest of

three zones on the property.

The government has asked for a 10 per cent stake.

Placer's strategy is to position itself as an alternative

should talks between Bar-

It revealed earlier this

week that, prior to the gov-

ernment's involvement, it

had discussed a conditional offer with Bre-X at a price

"well in excess" of Bre-X's

current share price, which

values its stake in Busang at

pointed to see the auction

process pre-empted," Mr

John Willson, Placer's chief

Placer has told the Indone-

sian authorities, including

President Suharto, that it is

willing to make a "competi-

tive" bid for a substantial

C\$4.2bn (US\$3.1bn).

executive, said.

rick and Bre-X collapse.

nies and resell it to their own customers was proving time-consuming, making it "extraordinarily difficult get-

ting the [local] exchanges open," he said. AT&T has been testing a autumn. resale arrangement such as this for the past eight months in California, yet is still encountering problems with between a quarter and a third of the 600 test sites, Mr Ziglis said. The AT&T executive called 1997 "the year we have to learn how to

do systems that work on a massive scale". Speaking at the same con- has completed 27 state-level

ietworks: "It will be a ful and slow process."

In spite of these warnings, long-distance companies look better placed for local competition than had seemed likely earlier this

The failure of the FCC to impose national pricing rules had been expected to lead to less attractive pricing terms for newcomers to the local markets, who will largely rely on resale arrangements to provide competition.

That has not been the case so far, said Mr Zighis. AT&T

Developing and imple- senior vice-president in ing some of the biggest menting the software which charge of local markets at states, including California, will make it possible for MCI, said of the job of linkcompetitors to buy espacity ing local and long-distance. Of these, 24 had resulted in resellers of between 17-25 per cent, the same range that had been recommended by

the FCC, Mr Ziglis said. Also, in 23 cases, the state hearings had resulted in the use of so-called forward-looking costing as a basis for assessing how much new competitors should pay for using individual elements of a local telephone company's network, such as its

This is the costing system that had been proposed by the FCC, and which has been heavily criticised by the local companies.

Barrick pursues talks on Busang

By Bernard Simon in Toronto

Talks aimed at turning control of Indonesia's vast Busang gold deposit over to Toronto-based Barrick Gold may continue beyond today's deadline set by the Indonesian government.

Representatives of Barrick and Bre-X Minerals, the small exploration company that currently controls the licence to the property, were due to meet in Jakarta today in an effort to resolve remaining issues.

However, participants were preparing contingency not reached by the deadline. The government indicated

earlier that if Bre-X and Barrick failed to conclude a deal by today, it would take unspecified "necessary steps" to prevent further delays in developing the deposit.

Barrick yesterday dismissed moves by Placer Dome, the Vancouver-based mining group, to derail the proposed deal with Bre-X. Barrick and Bre-X are negotiating in good faith,"

Busang, located in East Kalimantan, has reserves presently estimated at 47m ounces, and possibly as high as 100m ounces. It is expected to be developed into one of the world's biggest gold mines. with production starting around the turn of the century.

interest in Busang. The government's intervention on Barrick's behalf has created a stir among foreign investors in Indonesia. The authorities in Jakarta were said to be concerned that legal disputes over the ownership of Busang were

title to the resource rests with the government. Bre-X holds an exploration licence, and is currently waiting to receive a "contract of work" that would allow it to proceed with mine Under the Indonesian pro- construction.

delaying mine construction. Under Indonesian law,

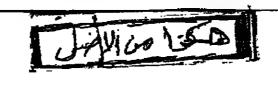


Munder UK LLC, a subsidisry of Munder Capital Management, has acquired an equity interest in



The undersigned initiated this transaction, acted as financial advisor to Framlington Holdings Limited and assisted in the negotiations.

BERKSHIRE CAPITAL CORPORATION



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By Tim Burt

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Mr Allen Yurko, chief MARKET PARTY OF THE PARTY OF TH executive, said it was an The same bear land excellent performance given · Barrier State of State of the second

the subdued trading conditions in several markets. Siebe, the industrial controls particularly in continental and appliances group, defied Europę. weak trading conditions in

Siebe defies weak markets

The improvement was at Siebe's 150 factories. many of its main product helped by cost-cutting in areas by reporting a 32 per areas such as industrial through to the bottom line," cent increase in first-half equipment and at Unitech, the power controls business The company, which acquired this year for claims to be the UK's largest £585.3m including debt.

Mr Yurko confirmed a cial Times that Siebe from 12 to 12.9 per cent. intended to extend that costquality control programme to wipe out product defects. The so-called Six Sigma

year once fully implemented

"That should feed straight said Mr Yurko. Siebe reported operating

profits up from £165.2m to £216m and the group's highest margins for 25 years report in yesterday's Finan- with return on sales rising The increase was

cutting by introducing a new enhanced by a five-months contribution of £21.3m from Unitech, where more than 1.100 jobs have been cut system - based on controls since the takeover.

pioneered by Motorola and Mr Yurko predicted fur-General Electric in the US - ther growth from Unitech is expected to save £50m a once it has been integrated into the temperature and appliance controls division next year.

> Profits in that division rose from £69.8m to £83.2m. Control systems, which has secured an order book worth £400m and expects to win a further £500m of business over the next year, saw profits rise from £68m to £80.3m. That offset modest growth in the industrial equipment division, where profits were £31.2m (£28.4m).

Earnings per share rose 25 per cent to 24p.



Barrie Stephens (left), chairman, and Allen Yurko

Dorling warns over strength of sterling

By Christopher Price

yesterday became the latest casualty of sterling's strength as the book and multimedia publisher warned that profits would be hit this year by currency fluctuations.

The group, which earns about 40 per cent of revenues from the US, also raised concerns over the softness" in the US book market. The shares fell 81p

Analysts cut their pre-tax profit forecasts from about 220.5m (\$34.23m) to £18.5m, some £1.6m of which related to the effect of sterling. Last year, the company made pretax profits of £17.4m, a rise of 37 per cent.

The warning comes amid concerns from other companies exposed to overseas markets. British Steel, Courtaulds and BTP have all expressed concern over sterling's strength while shares in companies considered vulnerable have suffered. Yesterday's announcement

Peter Kindersley, chairman, chief executive and founder, Kindersley realised £3.9m from a sale of shares representing about 1 per cent of the company. He retains a 32 per cent stake. Mr Kindersley said the

bulk of the rise in sterling had happened since the share sale. The disposal had also occurred a month after the group's annual results announcement, two months prior to which directors were unable to buy or sell shares.

The company blamed its difficulties in the US book market on the battle taking place between retail book superstores.

Trading conditions in the US multimedia market were also under pressure from cheaper competitors, a contimustion of the situation the group had warned of in September. However, outside the US, multimedia sales were firm and overall "should again show good growth in the current year, Mr Kindersley said.

He was also positive about the rest of the group's operations, including non-US came just six weeks after Mr books and direct selling.

BT and MCI seek US regulatory approval

By Alan Cane

British Telecommunications and MCI, its US partner, yesterday sought the approval of the US telecoms regulator for their proposed merger, setting in motion a process that could take a year to

diversified engineering

group, saw pre-tax profits

rise from £144.2m to £190.4m

(\$318m) on increased sales of

£1.47bn (£1.2bn) in the six

months to September 30.

Committee on Foreign investment in the US will

the fourth-quarter

this week, will be unlikely to

relieve the scepticism that

has sent its shares into a

renewed slide. "I would

imagine it is going to be

quite difficult for them to

Donald, analyst at brokers

from BTR, expected

the \$20bn takeover can go fied that fair trading in the ahead. The EU's merger task US telecoms industry will force must also give its approval, and the UK's Office of Telecommunications and Department of Trade and Industry will be monitoring the deal.

Few difficulties are expecconsumers and MCI's customers. The Justice Departhave to be satisfied before ment will have to be satis- the US. Global One, the joint

FCC will need reassuring that competition will be encouraged. The partners' US competi-

tors, with AT&T, the largest US telecoms operator in the their opposition.

seas competitors as that in

Telekom, France Télécom not be compromised; the and Sprint of the US, achieved only conditional clearance from the US authorities last year because the German and French markets remain monopolies.

> of markets only came into effect last year.

BT and MCI argue that the

breakdowns are new, and

the detail less than analysts

desire. The consequence is a

deep division between those

The scale of division is

illustrated by the

range of forecasts for

1997pre-tax profits. Mr

Cusack, at £1.29bn, is at the

low end. Mr MacDonald,

with £1.415bn, is near the

the historic organic com-

pound growth of "core" BTR

from 1993-1995 was just 5.6 per cent for sales and 8.3 per

cent in profit before interest

and tax. Over the next three

per cent, but profit growth

Using different mathodol-

ogy, Mr MacDonald has

arrived at a more optimistic

scenario. He estimates that the cash-flow return on

investment at BTR has been

pulled down by its periph-

eral businesses. Shorn of

per cent to 17.6 per cent.

p. Mr Cusack reckons that

venture between Deutsche UK is completely open with more than 150 licensed opermarket does not afford ators competing in a well tunities" to those in the US. regulated market. International licences will soon be issued to 45 operators, more than half of them US based.

In what could be seen as a test of the new openness, Cable and Wireless, of the UK, applied in June to land a sub-sea cable on the eastern seaboard. It has yet to receive the go-ahead.

Mr Merrill Tutton, president of AT&T's UK subsid-

tomers to dial special codes to gain access to their ser-**Ernst & Young**

"effective competitive oppor-

We operate under a glass

ceiling for our ambitions in

BT's virtual stranglehold

on local access gave it

"unique influence if not

absolute control" over its

competitors, who were

forced to educate their cus-

the UK," he said recently.

breaks tradition By Jim Kelly

Ernst & Young, the Big Six accountancy firm, yesterday broke with a century of financial secrecy by publishing its first set of annual "plc-style" report and

E&Y's publication of 50,000 copies of its annual report marks another significant break with the Victorian pest of the big accoun-MINOY PETER

The partnerships are private businesses and in the 31 per cent to £75.2m. nest have co-operated only to the extent of publishing revenue figures, staff numbers, and office numbers. to \$7.8bn - broadly in line years, he says, revenue But the government has said with the sector.

it wants fuller disclosure if it allows them to protect pertner assets.

There is also pressure on them to disclose more financial information as they take an increasingly highprofile role in the debate on corporate governance and continue to audit most large public companies.

B&Y's reported revenues were up 14 per cent to 2456m (\$762m) but the firm used fuller disclosure to show profits before tax up It also announced outline

worldwide results with a 13 per cent growth in revenues

Severe job losses at Sthn Water

By Jane Martinson

Scottish Power is to shed 2,000 jobs – or almost half the workforce - of Southern for £1.67bn (\$2.78bn) earlier this year.

While most of these jobs through the proposed sale of Southern's non-core companies, about 700 jobs are to be cut from the group's core water operation.

voluntary and would be spread over two and a half

The job cuts will provide

announced by Scottish Power at its first interim results announcement since the takeover. Some analysts Water, the utility it bought believe that annual cost savings from the regulated business of £40m are needed in order to justify the presome 1,300 - will be lost mium paid by the Scottish group after the hotly contested battle for Southern.

efficiency savings to be

There was a suggestion that buyers had been found for some of the non-core Southern said last night businesses last night that the jobs losses would be although Southern would not comment.

Analysts expect Scottish Power to announce interim profits of about £177m before the main momentum for the exceptional charges.

Privatisation:Bulgaria

INVEST IN BULGARIAN ELECTRICAL ENGINEERING

The Bulgarian Government announces a new list of export-oriented electrical engineering and electronics firms, for which bids are sought under the Cash Privatisation Programme.

The sector is a thriving one within the Bulgarian sector, with a local meterical hardware and computer products, including semiconductores. There are reliable links to suppliers of new materials, including non-ferrous and white-metal inputs. Staff with higher education in neadily swillable, and competitive wage rates contribute to a less cost lines. Moreover, reany companies and related last inners. offer an advanced basis for Basis

There were two foreign investments in the third quarter of 1996, noticly by the ABB Group. The investors have pledged several stilling dollars for investment, suggesting a long turn, comme confidence about the development potential of the sector.

The Privatisation Agency is proposated that leading flows for promotestic, with over 25 other companies in the pipeline. The four firms principled for sale are as foliows.

COMPANY	Key Promiers	R&D	TECHNOLOGY		Exports 1
.	*		1200	('94/5)	(%,of sales)
ELPROM EMT	induction &	yes	furnaces, presses,	up-36%	
(based in Teteven)	uncrometers, brakes	٠,		to \$7.2m:	85%
·	172		bending, welding etc.		
ELPROM-TRAFO	oil-tank distributive		bending, welding	up 5%	
(based in Kinsterdil)			splitting, cutting	so 3.8m.	58%
	(25-1,600 KWA)		(German)	the Albania	A
ELPROM-TRAFO	transformers,		lathes, milling, bonne,	down 19%	
(based in Solia)			presses, shaping.		72%
		. T O	furnaces, welding etc.		
Enga	optical, copper &		production, car	ир 47%	1
(based in Scullevo)	aluminium wite & cables.	FD "	installation		22%
	PVC cover for relecoms		(German, Swiss, etc.)		

Companies wishing to receive further information on these and other companies for sale, as well as the official tender procedures, are invited to cornact the Marketing Department, Privatisation Agency Quoting Reference: FT007, Aksakov St. 29, 1906 Sofia, Bulgaria Investor Helpline: Telephone & Answering Service: +359 2 980 8275, Facsibille: +359 2 981 6201 E-mail: bgpric@mbox.digsys.ing.





Concert, the global carrier owned by BT and MCL had ted in Europe. The principal vanguard, are orchestrating The Federal Communicachallenge will be to convince clearance - the process must tions Commission, the Justhe US authorities that the The main question is be repeated because new tice Department and the merger will benefit both IIS whether the UK telecoms rules on reciprocal opennes market is as "open" to over-

Ross Tieman looks at trading statement analysts' mixed feelings about

A need to convince sceptics

find something positive to

NatWest Securities. Yet Mr MacDonald is now a bull of BTR, arguing that the company's strategy of focusing on revenue growth from core businesses, announced in the autumn, will reverse its pattern of wealth destruction.

Mr Mark Cusack, at brokers UBS, has no such confidence. "Even if they tell managers to focus on revenue growth, it could take a BTR had sacrificed too many couple of years to get the growth opportunities. After few days, it is expected to deliver it." he says. "There are so many uncertainties. We think a price/earnings discount to the market of 20 to 25 per cent is appropriate." At yesterday's share urice close of 238p, the discount is in that range.

Divisions among analysts are amply reflected in the recent performance of the company's shares, which have resumed their downward trend after a brief recovery in confidence when the company unveiled its new growth strategy in Sep-

However, the share changes also reflect a shift in RTR's shareholder base. Some UK income funds, disappointed by BTR's hefty dividend cut, are apparently taking their money elsewhere. US growth funds, forever on the lookout for undervalued assets with recovery potential, are beginning to replace them.

BTR's strategy for growth

executive, is off to the US later this month to court his say," says Mr Bruce Mac- new supporters with briefings on his plans to develop the business

When he became chief executive in January, it was abundantly clear that reform was expected. Over three decades, BTR had built itself by acquisition to annual sales of £9.8bn, generating pre-tex profits during 1995 of £1.5bn.

The trouble was that, by maximise profit margins. ith review. Mr Strachan unveiled plans in September to sell businesses generating a quarter of revenues and focus upon four global businesses: automotive, process controls, power drives, and packaging. These would be supplemented by other areas of strength, in specialist engineering, building products and polymer

enceforth. BTR would grow by channeling capital investment where it would yield the highest returns.

Already, the foundations of the new approach bave begun to take shape. Directors have been given new portfolio responsibilities. and a £349m basket of provisions with which to reshape the divisions.

Mr Strachan bas also called time on Silvertown House, the Thameside head-quarters in London that BTR is not easy. BTR's divisional House, the Thameside head-

who believe in a brighter future for BTR, and those deeply sceptical about its Mr Ian Strachan, the chief first occupied more than a quarter of a century ago, when sales were just £33m. During the second half of

next year, the 60-strong head office staff will move to nearby Eadon House, a building properly equipped for the era of information technology.

The first fruits of BTR's growth strategy have also emerged in Asia. BTR Packaging & Materials Group, with annual sales of £1.4bn, ranks among world leaders running the businesses to in the supply of glass and polyethylene terephthalate (PET) packaging. In the next growth may accelerate to 7 a joint venture agreement to 1998, he estimates, return on establish its second PET sales will have declined by 2 packaging company in

> BTR will invest £7.6m to acquire a 70 per cent holding in ACI Quingdao Plastics Packaging Company, the remaining shares being held by the Light Industry Corporation of Quingdao. The deal brings BTR's investment in this growth market to \$200m (£119.7m) including its first Chinese automotive operation, at Wuxi. The Power Drives business, meanwhile, has agreed a joint venture in India, another promising

growth market. Back in the UK, the debate among analysts and fund managers is over the ability

of these investments, together with BTR's existing businesses, to deliver returns that exceed BTR's cost of capital.

these, it should be able quickly to outpace its estimated 10 per cent cost of capital, he says. He targets a share price of 372p, once investors start to recognise "When you look at the numbers, it stacks up that

they are cheap," he says. "But the market does not believe it. On that, both brokers

agree. After past disappointments, many investors will require empirical evidence before they re-rate BTR and that could take another year, or more, to deliver.

	Turson	eer (Em)		e-fair. R (Em)	B*	S (#)	Current payment (p)	Date of payment	Corresponding dividend	Toma tor year	Total tast year
Rarcount Yr to Sept 30	52.5	(24.2)	2.72	(0.652)	5.1†	(2.5)	8.0	Feb 7	0.3	1.2	0.3
Bath Press 6 mins to Sept 30	21.6	(17.9)	1.64	(1.15)	0.85	(0.64)	0.16	Jan 24	0.14	-	0.43
BBB Design § 8 miles to Oct 31		(0.537)	0.0274	(0.08.)	0.33	(0.97)	-	-	-	•	-
Refravers Brewery 6 miles to Sapt 29	17.04	(15.5)	2.07	(1.65)	7.8₹	(7.1∰)	1.9	Just 5	-	-	-
Border Television 6 miles to Oct 31	5.73	(6.3)	1,52	(1.11)	9	(6.5)	2.7	Mar TA	2.2	-	5.8
East Surrey 6 miles to Sept 50	24.1	(23.5)	8.61	(7.7)	13.2	(13.1")	3.5	Jan 9	3.1*	•	9.3"
Firth Holdings 6 mins to Sept 30	18.7	(14.1)	1.03	(0.878)	1.34	(1.33)	-	-		•	-
GE bell 6 miles to Sept 30	44.2	(44.2)	4.52	(2.11)	10.27	(4)	1.5	Jan 17	1.5	-	4.5
Hazimunod Foods 6 inits to Sept 30	386.5	(391.8)		(16.1)	3.09	(5.12)	2.4	21	24	-	6.7
ЮС Intl Ф Yr to Sept 30	3,73	(1.6)	0,664	(0.085)	324	(T)	-	-		-	
Jecologs Bros &	16.3	(15.3)	1.27	(1.25)	13.6	(14.3)	4.5	Feb 13	3.85	7	N.35
Name and Appliances 6 miles to Oct 4	97.8	(87.3)	3.29	(7.4.)	4.9	(11.3)	3.25	Feb 24	3.25	•	10
Locker (Thomas) 6 mens to Sept 30	32.3	(16.5)	1.38	(0.748)	1.17	(0.96)	0.3	Jag 3	0.3	-	U.S
Maraton Thompson 6 miles to Sept 28	01.4	(85.2)	14.7	(13.9)	13.17	(11.19)	2.7	Jan 14	25	•	7.3
Morris Astrby 6 mins to Sept 30	18.8	(17)	1.3	(1.21)	8.1	(7.7)	2.5	Mar 31	2.45	-	7.5
Morrison Constituti 5 mile to Sept 10	125.3	(98.1)	4.77	(3.18)	4.89†	(4.28)	1.64	Jan 2	-	-	3.05
Photobition 6 miles to Sept 30	10.5	(7.63)	1.52	(1.26)	9.7	(8.1)	28	Apr 9	2.5	•	0.5
Prespect lad Yr to Sept 30	88.73	(81.81)	1.49L	(21.3L)	0.5L†	(7.24)	-	-	-	-	0.125
Racal Electronics 6 mths to Oct 11	602	(505.9)	21.24	(30.1♥)	4.78	(7.09)	2.1	Feb 7	2.1	-	
St James Beach 6 mths to Sep 30	7.17	(5.74)	0.25	(D.2L.)	0.23	(1.521.)	1.75	Jan 15	1.5	-	4,8
Scottlish Radio	28.4	(17.2)	7.01	(5.11)	18.7†	(15)	5.3	Jan 30	4.4	7,8	6.5
Siebe 8 mins to Sept 30		(1,200)	190.4	(144.2.)	24†	(19.2)	49	Apr 9	6.64	-	13.31
Walkrown 6 paths to Sept 30	64.5	(56.8)	4.11♥	(4.09♥)	2.3	(2.3)	0.45	Feb 5	0.45	-	1.8
Wessex Water 6 cars to 5cpt 30		(120.3)	75.5	(68.4.)	27.1	(24.6)	5.7	Apr 7	5	-	15.2
Matter states	12,022	1020-					Correct	Date of	Correspondent	Total for	Total iest
Investment Trusts	KĀ	V 60		As (gu) — pupapis	P:	S (p)	payment (p)	payment.	Gridend	3651	Assa
Abtrust Convertible 6 miles to Dec 31		(-)	-	(-)		(-)	1.68	Jan 15	1.6		6.5
Fleming Workiwide _ 6 mits to Sept 30		(56.924)	2.54	(- j	234	(- j	14	Dec 27	-	-	-
Felicinant		(+)		i- j		(-)	1.41	Dec 31	1.4	•	9.25#
GF Extra Income 53 wis to Oct 31			1.67	ίj	8.32	(- j	2.93	Jan 2	-	7.68	-
Schroder AstaPac 54 wks to Sopt 30	110 67	<u>i- i</u>	0.512	ì- i	0.37	(- j	0.2	Feb 18	-	0.2	-
C-Ma		7.1		ίí		11	7.57§§	Dec 9	•	-	33.8
Earnings shown basic. Divisionds obound in oredit, film increased capital. "After adjust frunch is Second, interior, makes 20 to di		chara ma	CONTRACTOR OF THE PARTY OF THE	1 DAMIN 570		THE RESIDENCE A		330 06-301		100 (322. 7	
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CITICORPO MORTGAGE SECURITIES, INC. U.S. \$57,057,000

REMIC Pass-Through Certificates, Series 1987-13 and in Charmeter, 1996 for his March, 5977 the Cigas A-I Cancertain over well con-nected by Charmeter, 1996 for his March, 5977 the Cigas A-I Cancertain over well con-

NOTICE OF REDEMPTION BANQUE INTERNATIONALE A LUXEMBOURG S.A. JPY 1,000,000,000 Step-up Coupon Notes due 13 December 2002 ssued under the USD 1,000,000,000 MTN Programme

Notice is hereby given that, in accordance with Condition 17 of the Terms and Conditions of the Notes, all of the Bonds will redeem at the option of the issuer at their principal amount on 13th December, interest on the Notes will cease to accrue on and after the

BANQUE INTERNATIONALE BILL

Treasuries supported by home sales data PTC offered

GOVERNMENT BONDS

in New York and Richard

A rising dollar and signs of weakness in the US housing sector helped send US Treasury prices higher in early trading yesterday.

Near midday, the benchmark 30-year Treasury was up $\frac{12}{12}$ at $102\frac{1}{12}$ to yield 6.322 per cent, while at the short end the two-year note was ± stronger at 100₺, yielding 5.575 per cent. The March 30-year bond future gained 🔏

Bonds started the day higher as concerns about weakness in the euro sent the dollar higher against the slipped against the yen, trad-

A weaker than expected report on new home sales put their money in," he said. also provided some support for bonds. About 714,000 new helped lift bond markets in homes were sold in October - far fewer than forecasts closer to 775,00 - and the revised down from 816,000 to 782,000.

The housing sector should exert a drag on growth in the fourth quarter as it did in the third quarter, said Ms Cheryl Katz, an economist at Merrill Lynch.

Mr Kevin Sluder, a senior fixed income trader at First bund gained 0.22 in the cash D-Mark. By early afternoon Chicago Securities, said the market, following the dolin New York the dollar was data were helpful but the lar's rise against the D-Mark.

"There are people who have ing for Y113.52 from Y114.71 been resisting this, and it's strategist at Nomura in Longetting harder and harder for them to sit it out so they

The higher US dollar

Europe – some to record lev-

German bund futures over the details of the pact September figure was traded on Liffe in London made healthy gains, in spite of reports of profit-taking by dealers. The December contract was heavily traded, with volume over 230,000 on the day. It rose 0.18 to 102.65, while the March contract gained 0.20 to settle at 101.76. The 10-year benchmark

market, following the dol-

Ms Sonja Gibbs, a bond don, said that one reason for

the bullish tone to the European markets was the ongoing dispute over the "stability pact", being discussed by finance ministers. A German compromise

process for Italy, Spain and France, Ms Gibbs said. "There is a sense that Germany will be worn down." Ms Gibbs also said she was forecasting a further cut in German interest rates, probably on the back of some poor economic data. "It is

would boost the convergence

just a question of timing," Spain, Italy and France all

record levels.

The Spanish notional futures contract for December touched 112.92 in Madrid, before settling down at 112.65, a rise of 0.44. In the cash market, the 10-year bonos was up 0.60 to 112,96 to yield 6.86 per cent. The yield spread of bonos over bunds narrowed to 125 basis

points. The rise in bonos came in spite of there being no movement by the Bank of Spain over interest rates, after it had been widely expected that it would announce a cut yesterday. Analysts are now looking for a cut to come at its next meeting on Decem-

In dealing on the Matif. 1014, to yield 7.33 per cent.

changing hands for DM1.5655 gains seem to be coming compared with DM1.5657 late largely from investors chasson Monday. Meanwhile it ing the rising market cent - we there had a seed a seed to be coming at 104.49, to yield 5.62 per with Spanish and Prench bond futures went un cover delay intra-day trading. The con-tract settled at 102.65, up 0.23 from Monday's closing price.

By Peter Montagnon and Farhan Bokhari in Karachi and Conner Middelmann in London

The main European mar

kets were said to have seen

solid buying by Japanese

investors, a result of the

The exception to the bull-

ish tone was the UK, where

gilts underperformed Trea-

suries and the rest of

Europe. That was in spite of

some evidence that UK insti-

tutions were moving from

holding cash to government

The December long gilt

future settled at 111 and

the March contract at 1114.

both down & The 10-year cash gilt fell &, ending at

spread of Libor plus 18 basis

points, also the first deal off

a new EMTN programme.

Lead Morgan Stanley

reported good sales to UK

and continental European

financial institutions and

stronger dollar.

Citibank and ABN Amro finance of \$150m to Pakistan Telecommunications Corporation to cover delays to the legal contract for their \$225m loan facility.

foreign currency receivables of the state-owned utility. Mr Atif Bajwa, ABN Amro country manager, said the bridging finance meant PTC could have access to the funds this month, enabling it to pay back debt to the central government. The money will also help lift Pakistan's reserves, helping the government meet its target of raising them to \$1bn by the year-end from \$700m at present. With total foreign debta of \$28bn, the country came

when its reserves sank colow \$600m. The \$225m facility has been well-received because it is backed by foreign currency income from international calls, he said. But legal problems arose because the deal requires a waiver from the World Bank, whose loans to Pakistan are condi-

tional on foreign exchange

near to default in October

resources not being pledged Mr Bajwa said the PTC World Bank granted the waiver, or until a new structure could be found which gets around this legal prob-

tional lender confidence in Pakistan was likely to grow ss the reserves increased. one of the most active for- erty company, arranger

arranged a \$50m short-term bankers acceptance facility for financing imports, he said. Other lenders include ANZ-Grindlays and Citibank

Hark and po

In eastern Europe, the genhave offered bridging erous terms offered by two facilities totalling \$170m for Westel 900 Tavkozlersi, the Hungarian digital wireless telecoms operator have attracted such demand that The loan will be backed by arrangers Bank of America and Citibank decided not to launch the transaction into general syndication.

The deal comprises a \$150m multi-currency fiveyear loan to refinance existing debt and for capital expenditure, and a \$20m fiveyear credit to be used for working capital. Both pay a margin of 45 basis points over Libor, which looks generous compared with the 20 basis point margin recently set for the National Bank of Hungary.

Elsewhere, three-tranche credit facility was launched for P&O Nedlioyd Container Line, the container shipping operator. which resulted from a recent merger of the two container companies' husinesses.

The facility will fund P&O Nedlloyd's initial borrowings and the company's working capital requirements, and will provide finance for the four vessels on order for delivery in 1998, ABN Amro would have to wait until the and Midland Bank are atrangers.

Meanwhile, a 275m fiveyear multi-currency revolving credit facility for British lem. But he said interna- Land was increased to £180m and signed yesterday. The transaction attracted several banks which had not previ-Separately, ABN Amro, ously lent to the UK prop-

appearance

Cades enters dollar sector with \$2bn FRN

INTERNATIONAL BONDS

The eurobond market saw a surge of dollar issuance yesterday, especially in the floating-rate note sector the fixed-rate sector where

fresh paper. Cades, the agency set up a year ago by the French government to pay off the accumulated debt of the country's social security system, made its first foray into the dollar sector with a \$2bn global FRN offering. Its previous issues have been in French francs and Dutch

Joint lead-managers BZW and J. P. Morgan said the cent in the Middle East, they transaction saw strong demand from cash-rich investors. The banks said demand for sovereign dollardenominated FRNs was high

because \$7.2bn worth of houses had no quibbles with redeemed in the final quarter of this year so far but only \$2bn issued.

In addition, many investors are shying away from which absorbed \$2.3bn of prices have risen and spreads have contracted sharply in recent weeks, a syndicate official said.

The banks reported strong demand from Asia, where Cades held a recent roadshow - with some 30 per cent of the issue going to central banks and funds in that region. Another 45 per cent was placed in the UK and Europe, some 15 per cent in the US and 10 per said. The notes were priced to yield 14 basis points below Libor at the re-offer, where they traded all afternoon.

these bonds had been the pricing, some complained that the deal had come at too short notice. "For a transaction this size and at this time of year, they really should have prepared the market better." one dealer said.

> Some also said that the absence of a government guarantee might make central banks - natural buyers of sovereign FRNs - reluc-

tant to buy Cades paper. However, the leads noted that, while the bonds do not carry the explicit guarantee of the Republic of France. the government is, by law, responsible for Cades' solvency and liquidity. The UK, German and French central banks have all assigned zero risk weightings to lending to Cades, and the rating agen-cies have accorded it triple-A While traders at other credit ratings.

New international bond issues BGB Finance Ireland* 13.4bm 0.90 98.20 Dec 2000 0.20 BJ International Toyota Credit Carachelej 128 8.25 93.15R Dec 2002 0.275R +S0(795Sep01) CR3C/Particles Capital Mid III 6001 Kredischenk Inti Finance 55 (h) 101.95 Jan 2005 2.00 - Kredistbenk Inti Group
Final terms, non-catable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager.
#Unisted. 2 Floating-rate note. #Semi-annuel coupon. R: fixed re-offer prior; fees shown at re-offer level. a) 3-min Ubor -\[\frac{1}{2} \] %. b) MLCC Mortgage Investors. Legal maturity: Feb 2025. Average lite: 5.31 yrs. Plus 25 days accrued. b) Priored leter.
-min Libor +30bp srea. c) 3-min Libor +\[\frac{1}{2} \] %. d) Putable on 18/12/98 at 98.44%. a) \$300m (aunched 28/11/98 was increased to \$400m. f) Brazil risk, g) Cellable & putable on 18/12/99. Priced today 355-365bp over Treasuries. h) 4% to 20/1/99, then 5% to 01, then 6%% to 03, then 9%. § Over interpolated yield. § Long 1st coupon. a) Short 1et coupon.

Crédito Oficial, the Spanish different currencies under a Bank issued \$300m of fivegovernment-guaranteed single legal framework Fol- year FRNs at a re-offer development bank, issued \$500m of five-year bonds, priced to yield 16 basis saw widespread placement. points over Treasuries. It is the first transaction off institutions and Swim cutsil ICO's new \$2bn European accounts, said lead manager medium-term note programme, under which it can

Elsewhere, Instituto de make several bond issues in sector, American Express lowing an intensive twoweek roadshow, the bonds including Asian and UK Goldman Sacha.

TO THE PROPERTY	count.	-1444 734		guaga							-				
SE Actual	ries G	iovt S	ecurt	ties									UN	C Inc	I
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p to 5 years (21) 15 years (16) ver 16 years (2)	120.95 160.26 172.08	0.04 -0.04 0.00	120,91 150,33 172,29	1.89 2.94	11.66 11.65	F yrs 16 yrs 20 yrs	7,08 7,50 7,58	7.05 7.50 7.57	6.95 7.68 7,74	7,11 7,47 7,50	7.11 7.48 7.51	6.94 7/71 7.77	7.15 7.53 7.57	7.15 7.42 7.48	_
recleemables (5) I stocka (23) I-Sinked	198.05 145.00	0.89 12.08	196.88 -145.09	1.35 2.07.	10.07			7.84 3 Dec 2			kni	letion 10			
p to 5 years (2) ver 5 years (10) I stocks (12)	208.75 197.76 197.32		203.65 107.40 196.89	1.02 1.40 1.35	5.28 4.71 4.89	Up to 6 yr Over 6 yr					2.43 3.24		1.59 3.81		
ge groes redemption	yioide are e	phown shove. (Coupon Be	ndiz Loui: 096-	74%; Med	ium: 816-107	illight '	11% and (over, † A	nt plaid. y	ad Year to	deta.			

Dec 3 Dec 2 Nov 29 Nov 28 Nov 27 Yr ego High* Low* Dec 2 Nov 29 Git Exiged bergains 6-day average Govt. Secs. (URC) 95.48 95.63 94.90 94.90 94.73 95.35 98.34 91.59 Fixed interest 117.70 117.38 117.16 117.04 116.86 114.06 116.83 110.74

WORLD BON	D PRICES	5											
BENCHMARK			OURS			= 213 0	D FUTURE	B OPTION	& (LIFFE) I	DM250.000	points of	100%	
	Red	margine () E	Day's		eek Month				ALLS		pe	PUTS -	
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	8.760 11/06 5.876 07/08	98,0150 100,9800	+0.280 -0.150		.11 7.53 .89 8.08	10160	0.69 0.37	0.96 0.70		1119 0.3 1.93 0.8			1.00 2.13
Belgium 7	7.000 05/06 7.000 12/06		+0.310		97 6.10 08 6.47	10260	0.20	0.49		1.78 0.8	- 1		2.48
Denmerk	B.000 09/0e	110,0500	+0.300	6.51 6.	74 6.85	Marr Adr.	total, Culis 3	7006 PUB 6	MEET, PTOMOL	e oska obe	n Inc., Came	1498KI PL	# 122009 · - · - ·
	5.800 10/01 8.500 10/06	104,2918	+0.350		85 4.86 80 5.98	Italy							-
	3.250 04/05 3.000 08/08		+0.220		80 6.01		HOMAL ITAL			(ALL)			
(City)	3.800 02/ 08	113,5500	+0.490	7.43† 7.	52 6.10		Open	Sett prio		High	Low	Bat. Vol	Open int.
No 182 3	3.000 08/01 3.000 09/05	122,2094 104,5445	-0.170 -0.190	3.86 2	80 1.59 57 2.69	Dec	129.08	129,54	+0.48	129.63	129.05	69402	34816
	1.800 06/06 1.800 02/06	120,8500 117,5400	+0.040		77 5.93 04 7.88	Mer W ITAFIA	128.25 W COVT. IK	128.71	+0.56 (0.58)	128.95	128.20	54244	86326 me
Span 8	1800 04/06	112,9600	+0.600	6.86 V.	UE 7.81	Bit/Sec	71100711100		418	Aller Pala	12 CILLIAN	PUTS -	
UK Gliss 8	3.000 02/05 3.000 12/00	95,4936 103-13	+0.710	6.99 7,	93 7 <u>.2</u> 3 02 8.91	Price		Mar	Jun		His		Jun
	7.500 12/08 3.000 10/08	101-05 112-10	-2/32 -2/32	7,33 7. 7,42 7.		1.2950 1.2900	_	1,00 1,77	2.67 2.83		1.79 2.06		2.71 2.97
	1500 10/06	103-18	+14/33	5.02 6.	10 6.59	12960	1	.55	2.40	ì	2.34		3.24
	5.500 T1/26 7.000 04/06		+0.410		4D 8.86 17 6.35	Est vol 1	total, Calle 71	175 Puts 62	20. Previous	day's open	int., Calls I	90554 Pus	68621
London closing, "New York † Grass photograp withhold					risit şimeirri	Spain	1						
Pricos: US, UK in 32nds. ed		AT COLUMN			i Internationa	■ NOTE	ONAL SPA	NICH BOX	© FUTUR	## (METT)			
US INTEREST	RAYES					D	Open 112.20	Sett prior	_	High	Low	But vol.	Open int.
Littesi		Transitive S	Willia and Bo	nd Vielde		_ Dec Mer	112.20	112.68 112.18	+0.44	112. 9 2 112.40	112.17 112.03	112,134 2,638	70,041 9,746
	One month .		- Two	you'	5.57	UK							
Prime rate 81 Broker loas rate 8 Fed.tunds 8	7 Three month		1.04 Five:	Agg, "*****	5.66 6.00	E NOTI	ONAL UK (-	-			
Fed.Austin of Intervention	- Cae year		1.36 30-y		6.32	Dec	Open 111-30	Sett price	• Change -0-01	High 112-17	Low 111-23	8st. vol 45810	Open Int. 43999
						Mar	111-08	111-09	-0-01	111-27	111-02	87754	125742
							QULT FUT			FED £50,00			
BOND FUTURE	S AND O	FTIONE				Strike Price	Jan	Feb CA	Mer J	lun Ja	1 Feb	PUTS —	Jun
						111	0-52			11 0-3			2-37
						112 115	0-24 0-09			48 1-00 25 1-3			3-10 3-51
France						list vol t	otel. Carlo 72	20 Puts 200	SC. Previous	qui, p obeu	int., Calls 2	19872 Puts	21058
B NOTIONAL FRENCH	BOND FUTU	RES (MATIF) PT+500,0	00		Eco							
Open Se	tt price Chang	e High	Low	Est. vol.	Open int.	B (201)	ROME PUT	URIES (MA	ועכפ פתו	00.000			
	29.82 H0.40 29.86 +0.40		129.48 129.48	217,248 42,905	157,248 73,131	_	Open	Sett price		High	Low		Open int.
	20,70 20,42		128.30	138	7,769	Dag Mar	96.70 96.24	96.66 96.42	+0.40	97,10 96,58	96.70 96.24	1,350 229	0,909 1,340
LONG TERM FRENC	NUND OF	TOMS (MAT	F										
Strike Jan	~ CALLS	Mar	Jan	PUTS	Mar	US							
126 -	-	4.02	0.02	-	0.18	M US 17	MEASURY E	Latest					Owen let
				0.16	0.25		Open		Chenge	High	LOW	ESC. YOL	Open int.
127		3.15	0.03			Dec	116-05	116-18	+0-10	116-23	116-05	54 831	217,460
128 1.96 129 1.12	1.47	2.37 1.68	0.06 0.21	0.28	0.47	Har	116-08 115-38	116-06	+0-10 +0-10	116-23 116-11	115-05 115-24	54,831 221,639	217,460 259,663
126 1.96	0.86	2.37 1.68 1.12	0.06 0.21 0.61	0.28 0.55 0.96	0.47 0.76 1.23		116-08						
128 1.96 129 1.12 130 0.51 Est vol. total, Calle 45,800 Pu	0.86	2.37 1.68 1.12	0.06 0.21 0.61	0.28 0.55 0.96	0.47 0.76 1.23	Har	116-08 115-38 115-22	116-06	+0-10	116-11	115-24	221,639	259,663
128 1.96 129 1.12 130 0.51 Est vol. total, Cain 45,000 Pu	0.86 Rs 34.661 Previou	2.37 1.68 1.12 a day's open	0.06 0.21 0.61 m., Galla 13	0.28 0.55 0.96 1,101 Per 1	0.47 0.76 1.23 11,511.	Japan	116-08 115-38 115-22 115-22	116-06	+0-10 +0-10	116-11 115-27	115-24 115-22	221,639 225	259,663
128 1.96 129 1.12 130 0.51 Ext vol. seat, Cain 45,000 Pu Germany NOTIONAL GERMAN	0,86 RI 34,681 PRIVID RI BUND FUTU	2.37 1.66 1.12 a day's open RES (LIFFE)	0.06 0.21 0.61 M., Call. 13	0.28 0.55 0.96 1.10 Per 1	0.47 0.76 1.23 11,611.	Japan	116-08 115-38 115-22	116-06	+0-10 +0-10	116-11 115-27	115-24 115-22	221,639 225 UMES	259,663 13,416
128 1.98 129 1.12 130 0.51 Est vol. son, Cain 43,608 Pu GETTHERTY MOTIONAL GERMAN Open Set Dec 102,44 10	0.86 ns 34.601 Previous 7 BUND FUTTU 12 price Chang 2.65 +0.18	2.37 1.88 1.12 m dm/s open RES (LAFFE) e Hogh 102.99	0.21 0.61 N., Cala 13 P DM250,0 Low 102.36	0.28 0.55 0.96 1.105 Pure 1 600 100ths Est. vol 233649	0.47 0.78 1.23 11,811. of 100% Open int. 136897	Japan E WOTE (UFFE	116-08 115-39 115-22 115-22 100ML LOW 0 Y100m 10 Open 126.69	116-06 115-22	+0-10 +0-10	116-11 115-27 100VT. 9 High 126.72	115-24 115-22 0ND FLIT Low 126.54	221,639 225 TURNES Est. voi 1912	259,663 13,416
128 1.98 129 1.12 130 0.51 Est vol. son, Cain 43,608 Pu GETTHERTY MOTIONAL GERMAN Open Set Dec 102,44 10	0,96 rs 34,681 Previous P BUND FUTU R price Chang	2.37 1.88 1.12 m dm/s open RES (LAFFE) e Hogh 102.99	0.08 0.21 0.61 In., Gala 13 F DM250,0 Low	0.28 0.55 0.96 0.109 Pure 1 000 1000ths	0.47 0.78 1.23 11,811. of 100% Open int. 136897	Japan Japan H HOTH (LIFFE Dec Mar	116-08 115-28 115-22 115-22 1 10000 10 Open	116-06 115-22 115-22 100hs of 11 Close	+0-10 +0-10 00% Change	116-11 115-27 100VT. 9 High 126.72 126.25	115-24 115-22 2000 FLIT Low 126.54 126.01	221,639 225 TURNES Est. VOI 1912 3355	259,663 13,416
128 1.96 129 1.12 130 0.51 Est vol. seal, Cale 45,000 Pe Germany NOTIONAL GERMAN Open Set Dec 102.44 10 Mer 101.55 10	0.86 ns 34.881 Previous 2 BUND FUTU 3 price Chang 2.65 +0.18 11.76 +0.20	2.37 1.88 1.12 m dm/s open RES (LAFFE) e Hogh 102.99	0.21 0.61 N., Cala 13 P DM250,0 Low 102.36	0.28 0.55 0.96 1.105 Pure 1 600 100ths Est. vol 233649	0.47 0.78 1.23 11,811. of 100% Open int. 136897	Japan Japan H HOTH (LIFFE Dec Mar	116-08 115-39 115-22 115-22 0MAL LOW 9 Y100m 10 Open 126.69 126.19	116-06 115-22 115-22 100hs of 11 Close	+0-10 +0-10 00% Change	116-11 115-27 100VT. 9 High 126.72 126.25	115-24 115-22 2000 FLIT Low 126.54 126.01	221,639 225 TURNES Est. VOI 1912 3355	259,663 13,416
128 1.98 129 1.12 130 0.51 Est vol. son, Cain 43,608 Pu GETTHERTY MOTIONAL GERMAN Open Set Dec 102,44 10	0.86 ns 34.881 Previous 2 BUND FUTU 3 price Chang 2.65 +0.18 11.76 +0.20	2.37 1.88 1.12 m dm/s open RES (LAFFE) e Hogh 102.99	0.21 0.61 N., Cala 13 P DM250,0 Low 102.36	0.28 0.55 0.96 1.105 Pure 1 600 100ths Est. vol 233649	0.47 0.78 1.23 11,811. of 100% Open int. 136897	Japan Japan H HOTH (LIFFE Dec Mar	116-08 115-39 115-22 115-22 0MAL LOW 9 Y100m 10 Open 126.69 126.19	116-06 115-22 115-22 100hs of 11 Close	+0-10 +0-10 00% Change	116-11 115-27 100VT. B High 126.72 126.25 Interest figs.	115-24 115-22 2000 FLIT Low 126.54 126.01	221,639 225 TURNES Est. VOI 1912 3355	259,663 13,416
128 1.96 129 1.12 130 0.51 Est vol. seal, Cale 45,000 Pe Germany NOTIONAL GERMAN Open Set Dec 102.44 10 Mer 101.55 10	0.86 ps 34.81 Previous Previou	2.37 1.88 1.12 a day's open e High 102.99 102.07	0.08 0.21 0.61 In., Cala 13 F DM250,0 Low 102.36 101.45	0.28 0.55 0.96 1.105 Pure 1 600 100ths Est. vol 233649	0.47 0.75 1.23 11,511. of 100% Open int. 136897 142411	Japan Japan Motte Guiffe Dee Mar LISTE ha	118-08 115-38 115-22 115-22 0MAL LOW 9 Y100m 10 Open 126.69 126.19	116-06 175-22 2 Turbu J Doths of 10 Close	+0-10 +0-10 00% Change	116-11 115-27 100VT. B High 126.72 126.25 Interest figs.	115-24 115-22 2000 Futt Low 126.54 128.01 are for pre-	221,639 225 TURNES Est. VOI 1912 3355	259,663 13,416 Open Int. n/s
128 1.96 129 1.12 130 0.51 Est vol. seal, Cale 45,000 Pe Germany NOTIONAL GERMAN Open Set Dec 102.44 10 Mer 101.55 10	0.86 re 34.80 Previous 34.80 Previou	2.37 1.98 1.12 1.12 day's open day's open 1.12.99 102.99 102.07	0.08 0.21 0.61 In., Cala 13 F DM250,0 Low 102.36 101.45	0.28 0.55 0.96 1.105 Pure 1 600 100ths Est. vol 233649	0.47 0.75 1.23 11,511. of 100% Open int. 136897 142411	Japan Japan H HOTH (LIFFE Dec Mar	116-08 115-38 115-22 100-115-22 100-115-22 100-115-22 126-69 126-19 126-19	116-06 115-22 115-22 100hs of 11 Close	+0-10 +0-10 00% Change	116-11 115-27 100VT. B High 126.72 126.25 Interest figs.	115-24 115-22 115-22 115-22 126-54 126-54 126-01	221,639 225 225 225 225 225 Est. vol. 1912 3356 Hous day.	259,663 13,416 Open int. n/a n/a
128 1.98 129 1.12 130 0.51 Est vol. seat, Cain 43,000 Pu Germany NOTIONAL GERMAN Open Set 102.44 10 Mer 101.55 10 UK GJLTS PRI	0.86 re 3-581 Previous Previou	2.37 1.66 1.12 a day's open day's open 102.99 102.97	0.05 0.21 0.21 ini., Cella 13 7 DM250,0 Low 102.36 101.45	0.26 0.55 0.96 0.96 0.100 Puts 1 000 1000/ss Est. vol 233649 100136	0.47 0.78 1.23 11,511. cd 100% Open int. 136897 142411	Mer Jam Japann III WOTK (LIFFE ME Mer LIFFE ME Red Rice E 7.35 1625)	116-08 115-22 115-22 115-22 115-22 115-22 115-22 126.69 126.69 126.69 126.69 126.69 126.69	116-06 115-02 2 117-02 2 117-04 30dhs of 11 Close ded on APT	+0-10 e0-10 IAPAACO 00% Change	116-11 115-27 GCMT. B High 128.25 Interest figs.	115-24 115-22 OND FLIT Low 126.54 126.01 are for pre-	221,639 225 225 225 225 225 Est. vol. 1912 3356 Hous day.	259,663 13,416 Open int. n/a n/a
128 1.96 129 1.12 130 0.51 Ent vol. total, Calle 45,000 Pu Germany NOTIONAL GERMAN Open 102.44 10 Mar 101.55 10 UK GILTS PRI Shorts" (Lines up to Pive Years) Trees 134pp 199721 13.15 Each 101.50 1997 1 13.41	0.86 re 3881 Previous Previo	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05 0.21 0.21 ini., Cella 13 ini., Cella 13 ini., Cella 13 102.36 101.45	0.28 0.56 0.96 8,109 Puls 1 600 100ths Est. vol 233649 100136	0.47 0.75 1.23 1.23 11.611. of 10096 Open int. 136897 142411	Mer Jan Japan Morte (LIFFE Mar LIFFE Mar Red Pica £ 7.35 162%)	116-08 115-28 115-28 115-28 115-28 115-28 115-28 115-28 115-28 126.19 126.19 126.19 126.19 126.19 126.19 126.19	116-06 115-22 115-22 115-22 100ths of 11 Close 100th APT	+0-10 +0-10 +0-10 -00% Change -1. All Open is so Validad	116-11 115-27 10CMT. B 126-75 126-25 nternet figs.	115-24 115-22 115-22 115-22 126-54 12	221,639 225 225 225 225 225 225 225 225 235 235	259,663 13,416 Open int. n/s n/s 12,416 Hgs Low 11,42, 111,2 1159, 1754,
128 1.98 129 1.12 130 0.51 Est vol. total, Cafe 45,608 Pu GOTTHERNY IN NOTIONAL GERMAN Open Set 102.44 10 Mer 101.55 10 UK GILTS PRI Idea 184 10 Idea 187 1997; Incas 134 pt 1997;	0.86 Re 34.801 Previous Previo	2.37 1.68 1.12 1.12 1.12 1.12 1.12 1.12 1.12 1.1	0.05 0.21 0.21 ini., Cells 13 7 DM250,0 Low 101.45 101.45 ini., Tress 100.2 100.3 100.3 100.3 100.3 100.3 100.3 100.3	0.26 0.55 0.96 0.96 0.100 Puts 1 000 1000/ss Est. vol 233649 100136	0.47 0.78 1.23 11,611. of 100% Open int. 136897 142411 Notes int. 7.59 7. 2,64	Merriam Japan Japan Morre LIFFE Dec Mar LIFFE Red Red 7.35 1624 7.27 1038	116-08 115-22 115-22 115-22 115-22 115-22 115-22 115-22 115-22 115-22 126.19 126.19 126.19 126.19 126.19 126.19 126.19 126.19	116-06 115-22 115-22 100hs of 11 Close 100h APT 100h 15 116-2 178-3 101-3 101-3	+0-10 +0-10 HAPANESSE 000% Change - A & Open is re-Listed ge '9811 ge '9811 ge '9811 ge '9811	116-11 115-27 126-72 126-72 126-25 internet figs.	115-24 116-22 116-22 126-54 12	221,639 225 225 225 225 225 225 225 225 235 235	259,663 13,416 Open int. n/s n/s n/s 114, 1114, 1114, 1115, 1114, 1144, 1144, 1144, 1144, 1144, 1144, 1144, 1144, 1144, 1144, 1144,
128 1.98 129 1.12 130 1.12 130 1.12 130 1.12 130 1.55 Est vol. soci, Cain 45,600 Pu GOTTHERSY NOTIONAL GERMAN Open Set 102.44 10 Mer 101.55 10 UK GILTS PRI Notes up to Fire Years) Tress 134pc 1997; 113.13 Esch 104sc 1997; 124.13 Esch 104sc 1997; 154.9 Tress 84pc 1997; 154.5 Esch 15pc 1997; 154.5 Esch 15pc 1997 113.13 Esch 15pc 1997; 154.5 Esch 15pc 1997; 154.5 Esch 15pc 1997 113.13 Esch 15pc 1997; 154.5 Esch 15pc 1997 113.13	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05 0.21 0.21 ini., Cella 12 10 Low 102,36 101,45 100,4 100,5 100,7 100,9 100,7 100,9 100	0.28 0.55 0.96 8,100 Puls 1 600 100ths Est. vol 233649 100138	0.47 0.78 1.23 11.511. cof 100% Copen Int. 136897 142411	Mer Jan Morro (JFFE Mar	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126-69 126-19 12	116-06 175-22 2 115-32 2 115-32 3 105-3 3 105-3 1012 25 1012 25 1013 2	+0-10 +0-10 +0-10 -10 -10 -10 -10 -10 -10 -10	116-11 115-27 126-72 126-72 120-25 100-85 (1) 136-6-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7	115-24 116-22 126-54 126-54 128-01 126-54 128-01 126-54 128-01 126-54 128-01 138-11 13	221,639 225 UHNES Est. voi 1912 3356 nous dey.	259,663 13,416 Open Int. n/s n/s 11/4, 11/4, 11
128 1.98 129 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 Est vol. total, Cafe 45,608 Pu Germany III NOTIONAL GERMAN Open Set 102,44 10 Mar 101,55 10 UK GILTS PRI INTERNATIONAL 13.11 Est 10-151 1997; 13.11 Est 10-151 1997; 13.11 Est 10-151 1997; 13.11 Est 10-151 1997; 13.11 Est 19-151 1998; 13.11 Est 19-151 19-151 19-151 19-151 Est 1	0.86 ms 3-581 Previous Previou	2.37 1.68 1.12 1.12 1.12 1.12 1.12 1.12 1.12 1.1	0.05 0.21 0.21 ini., Cella 13 100.250,0 Low 102.36 1001.45 1001.7 frees 1001.7 frees 1001.7 frees 1001.7 frees 1001.7 frees	0.28 0.56 0.96 0.96 0.100 Pulse 1 Est. voi 233649 100136 74pr 2006;;; lap: 2007 41 114pr 2007 41	0.47 0.75 1.23 11.811. of 10096 Open int. 136897 142411 Nobs left. 7.55 	Mer Jam	116-08 115-22 115-22 115-22 115-22 115-22 115-22 115-22 115-22 126.19 12	116-06 115-22 115-22 100ths of 11 Close 	+0-10 +0-10 IAPAACO 00% Change 	116-11 115-27 126-25 126-25 126-25 160-85 (1) 136-0-25 161-85 (2) 173-6-25	115-24 116-22 126-54 12	221,639 225 UHNES Est. voi 1912 3356 4046 444 224 445 224 445 224 446 446	259,663 13,416 Open Int. n/s n/s n/s 100, 111,5 109, 112,5 119, 1
128 1.98 129 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 Est vol. soci, Cain 45,608 Pu Mortional German Open 102.44 10 Mer 101.55 10 UK GILTS PRI Italian 101.55 10 UK GILTS PRI Italian 101.55 10 Italia	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05 0.21 0.21 0.21 0.21 0.21 0.23 0.23 0.24 0.23 0.24 0.24 0.25 0.25 0.25 0.25 0.25 0.25 0.25 0.25	0.28 0.56 0.96 8,108 Puls 1 600 100ths Est. wol 233649 100136 Fupe 2008;;; the 2002-6;; 11 kpc 2007 ±1 8pc 2007 ±1 8pc 2007 ±1 8pc 2009	0.47 0.79 0.79 1.23 1.23 11.611. of 10096 Open Int. 136897 142411 Nobe id	Mer Jam	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126-69 126-19 12	116-06 175-22 2 1175-22 2 1000s of 11 Close 	+0-10 +0-10 +0-10 -10 -10 -10 -10 -10 -10 -10	116-11 115-27 126-72 126-72 126-25 100s (1) 128-72 126-25 101-12 29 (1) 29 (1) 29 (1) 29 (1) 29 (1) 29 (1) 29 (1) 29 (1) 29 (1) 30 (1)	115-24 116-22 116-22 126-54 128-01 are for pres (2) Prio (2) Prio (3) Prio (4) Prio (5) Prio (5) Prio (6) Prio (7) Prio (7) Prio (8) Prio (8) Prio (8) Prio (9) Prio	221,639 225 UHNES Est. voi 1912 3356 4046 444 224 445 224 445 224 446 446	259,663 13,416 Open Int. n/s n/s n/s 114, 111, 112, 113, 113, 113, 113, 113, 113
128 1.98 129 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 Ext. vol. soci. Cain 45,000 Pu GOTTHERRY IN NOTIONAL GERMAN Dec 102.44 10 Mer 101.55 10 UK GILTS PRI Notes up to Fire Years) Trees 134pc 1997;1 13.13 Exch 104sc 1997 113.15 Exch 104sc 1997 113.15 Exch 104sc 1997 123.15 Exch 15pc 1997 123.15 Exch 15pc 1997 123.15 Exch 15pc 1998 13.25 Exch 15pc 19pc 19pc 19pc 19pc 19pc 19pc 19pc 19	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05 0.21 0.21 0.21 0.21 0.21 0.21 0.22 0.22	0.28 0.56 0.96 0.96 0.96 0.96 0.96 Est. vol 233649 100136 100136 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4	0.47 0.79 0.79 1.23 1.23 11.611. of 10096 Open Int. 136897 142411 Nobe id	Mer Jam Japann Life Mar Cliffe Mar Liffe Ma Red Pica 2 7.35 1024 7.27 1034 7.25 1216 7.37 1024 7.46 1042 7.51 893	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38	116-06 175-22 2 Thread J 200ts of 10 Close 5 ded on APT 5 ded on APT 5 ded on APT 1013-2 25 1013-2 25 1013-2 25 1013-2 25 1014-2 25	+0-10 +0-10 +0-10 -10 -10 -10 -10 -10 -10 -10	116-11 115-27 126-25 126-25 126-25 100ss (1) 103-9 03 17-3 28 103-9 30 17-3 28 103-9 30 17-3 28 103-9 30 17-3 28 103-9 30 17-3 31 17-4	115-24 116-22 116-22 126-54 12	221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 221,539 225 225 225 225 225 225 225 225 225 22	259,663 13,416 Open Int. n/a n/a n/a 110, 1112, 173, 173, 173, 173, 173, 173, 173, 173
128 1.98 129 1.12 130 0.51 Est vol. total, Cafe 43,609 Pu Gertmany NOTIONAL GERMAN Open Set 102.44 10 Mer 101.55 10 UK GILTS PRI Notes in the Year Verry Trees 134pp 1997;1 13.13 Each 104.50 1997 1 13.13 Each 105.50 1	0.86 ms 3-581 Previous Previou	2.37 1.68 1.12 1.12 1.12 1.12 1.12 1.12 1.12 1.1	0.05 0.25 0.25 0.25 0.25 0.25 0.25 0.25	0.28 0.56 0.96 0.96 0.96 0.96 0.96 Est. vol 233649 100136 100136 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4	0.47 0.79 0.79 1.23 1.23 11.611. of 10096 Open Int. 136897 142411 Nobe id	Mer Jam Japann Life Mar Cliffe Mar Liffe Ma Red Pica 2 7.35 1024 7.27 1034 7.25 1216 7.37 1024 7.46 1042 7.51 893	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38	116-06 115-22 115-22 100ths of 11 Close 	+0-10 +0-10 +0-10 APARESE OD% Change A Copen is Set Vett Set	116-11 115-27 126-25 126-25 126-25 160-85 (1) 126-25 160-85 (1) 160-85 (1) 16	115-24 116-22 116-22 126-54 12	221,539 225 225 225 225 225 225 225 225 225 22	259,663 13,416 Open Int. Open In
128 1.98 129 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 130 1.12 Ext. vol. socal, Cada 45,800 Pu GOFTHERRY IN NOTIONAL GERMAN Open 102,44 10 Mer 101.55 10 UK GILTS PRI INSE 134pc 1997 11 12.12 Ext. 104.5cc 1997 12.48 17ess 129 7cc 1997 12.48 17ess 129 1997 12.48 17ess 129 1997 12.48 17ess 151pc 1998 12.48 17ess 151pc 1998 13.57 17ess 91pc 1998 13.57 17ess 91pc 1998 13.57 17ess 91pc 1998 13.57 17ess 91pc 1998 13.57 17ess 151pc 1998 11 17ess 151pc 1998 11 17ess 101pc 1998 11 17ess 101pc 1999 1	0.86 ms 3-881 Previous Previou	2.37 1.68 1.12 day's open 102.99 102.07 103.5 10	0.05 0.21 0.21 0.21 0.21 0.21 0.21 0.22 0.22	0.28 0.56 0.96 0.96 0.96 0.96 0.96 Est. vol 233649 100136 100136 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4 114pc 2003-4	0.47 0.79 0.79 1.23 1.23 11.611. of 10096 Open Int. 136897 142411 Nobe id	Mer Jam Japann Life Mar Cliffe Mar Liffe Ma Red Pica 2 7.35 1024 7.27 1034 7.25 1216 7.37 1024 7.46 1042 7.51 893	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38	116-06 115-22 100ths of 11 Close	+0-10 +0-10 +0-10 +0-10 +0-10 All Open is -0-10	116-11 115-27 126-72 120-25 12	115-24 116-22 116-22 126-54 128-64 128-64 128-64 128-64 128-64 13-15 13-	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 235 235 235 235 235 235 235 235 235 235	259,663 13,416 Copen int. n/s n/s 144, 111,2 169,2 179,2 179,2 179,2 179,3
128 1.98 129 1.12 130 0.51 Est vol. soci, Cain 48,809 Pu GETTIBLERY MOTIONAL GERMAN Open 102.44 10 May 101.55 10 UK GILTS PRI Notes 104 101.55 10 UK GILTS PRI Notes 1997 1997 11.11 Ican Dry 1997 11.15 Esch 104sc 1997 12.15 Esch 1996 1998 14.46 Esch 1996 1998 14.55 Esch 120 1998 10.37 Irass 1997 1891 13.52 Esch 120 1998 10.37 Irass 1997 1899 11.37 Irass 1997 1899 1999 11.37 Irass 1997 1899 1999 1999 1999 1999 1999 1999	0.86 ms 3.581 Previous Previou	2.37 1.68 1.12 1.12 1.12 1.12 1.12 1.12 1.10 1.10	0.05 0.25 0.25 0.26 ini., Cells 12 i	0.28 0.56 0.96 0.96 0.96 0.96 0.96 Est. wol 233649 100136 100136 114pc 2003-11 114pc 2003-11 114pc 2007 11 114pc 2009-11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11	0.47 0.79 0.79 0.79 0.79 0.79 0.70 0.70 0.7	Mer Jan Morte (LIFFE Mar LIFFE Mar 1024) 7.27 1024; 7.25 1276; 7.27 1024; 7.26 1024; 7.51 893, 7.50 1134; 7.50	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 126.69 126.69 126.69 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 12	116-06 115-22 105-31 10	+0-10 •0-10 •0-10 •0-10 All Open is a considered with the cons	116-11 115-27 126-25 12	115-24 115-22 115-22 115-22 115-22 126-54 12	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 235 235 235 235 235 235 235 235 235	259,663 13,416 Copen Int. 12,416 Copen Int. 14,16 Copen Int. 14
128 1.98 129 1.12 130 0.51 Est vol. som Came 48,000 Pu Gertmany MOTIONAL GERMAN Open 102.44 10 May 101.55 10 UK GILTS PRI More 144 10 May 101.55 10 UK GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 1957; 13.15 Each 164 1957; 13.15 Each 164 1957; 13.15 Each 164 1957; 13.15 Each 174 1958 11.35 Each 174 1959 11.35 Each 175 1950 11.35 E	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 day's open day's open day's open f02.99 102.07 102.97 10	0.05	0.26 0.55 0.96	0.47 0.76 0.77 0.77 0.77 0.78 1.23 11,511 0.01 0.00 0.01 0.00 0.00 0.00 0.00 0	Mer Jan Morte (JFFE Mr Red Pisca E 7.35 162% 7.27 163% 7	116-08 115-32 11	116-06 115-22 100ths of 11 Close	+0-10 +0-10 +0-10 +0-10 Change Change A Copen is A Copen is The Cop	116-11 115-27 126-72 126-72 126-25 niteract figs. 1013-6 0.3 (743) 2.8 (743) 2.8 (744)	115-24 115-22 115-22 115-22 115-22 126-54 12	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 235 235 235 235 235 235 235 235 235	259,663 13,416 Cipen int. n/e n/e n/e 1142, 1112, 15 1852, 1782, 1
128 1.98 129 1.12 130	0.86 ms 3.581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05 0.21 0.21 0.21 0.21 0.21 0.21 0.21 0.22 0.22	0.28 0.56 0.96 0.96 0.96 0.96 0.96 Est. wol 233649 100136 100136 114pc 2003-11 114pc 2003-11 114pc 2007 11 114pc 2009-11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11 114pc 20111 11	0.47 0.76 0.77 0.77 0.77 0.76 1.23 11.511. cof 100% Copen int. 136897 142411 1808s int. 7.53 7 284 2 7.55 7 284 2 7.55 7 284 2 7.55 7 284 2 7.55 7 284 2 7.55 7 284 2 7.55 2 7.5	Mer Jan Morte (LIFFE Mar LIFFE Mar 1024) 7.27 1024; 7.25 1276; 7.27 1024; 7.26 1024; 7.51 893, 7.50 1134; 7.50	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 126.69 126.69 126.69 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 126.19 126.69 12	116-06 115-22 115-22 115-22 105-5 of 11 Close	+0-10 +0-10 +0-10 +0-10 Change Change A Copen is A Copen is The Cop	116-11 115-27 126-25 12	115-24 115-22 115-22 115-22 115-22 126-54 12	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 235 235 235 235 235 235 235 235 235	259,663 13,416 Copen Int. 12,416 Copen Int. 14,16 150, 111,2
128 1.98 129 1.12 130 0.51 Est vol. som Came 48,000 Pu Gertmany MOTIONAL GERMAN Open 102.44 10 May 101.55 10 UK GILTS PRI More 144 10 May 101.55 10 UK GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 101.55 10 ILL GILTS PRI More 144 10 May 1957; 13.15 Each 164 1957; 13.15 Each 164 1957; 13.15 Each 164 1957; 13.15 Each 174 1958 11.35 Each 174 1959 11.35 Each 175 1950 11.35 E	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.12	0.05	0.28 0.58 0.58 0.58 0.58 0.58 0.58 0.58 0.5	0.47 0.76 1.23 1.23 11.611. of 10096 Open int. 136897 142411 Noise int. 7.55 7.86 4.786 4.786 4.786 6.56 7.44 41.7.55 7.60 7.60	Med Rea 2 7.35 162% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.27 163% 7.28 163% 7.29 113% 7.20 113%	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 126-19 12	116-06 115-22 115-22 115-22 115-22 1000 of 11 1000 963 index 1163-3 25 1163-	+0-10 +0-10 +0-10 +0-10 Change At Open is Set Vett S	116-11 115-27 126-25 12	115-24 116-22 116-22 116-22 126-54 126-54 126-54 126-54 126-51 130-11 13-23 13-30 13	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 235 235 235 235 235 235 235 235 235	259.663 13,416 Open Int. 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4
128 1.98 129 1.12 130 0.51 Est vol. soal, Cain 43,809 Pu Gertmany NOTIONAL GERMAN Open Set 102.44 10 Mar 101.55 10 UK GILTS PSI Notes 1992 11 13.13 Est 1992 1992 11 13.13 Est 1992 1993 11 13.13 Est 1993 11	0.86 ms 3-581 Previous Previou	2.37 1.182 1.192 1.192 1.192 1.192 1.193	0.05 0.21 0.21 0.21 0.21 0.21 0.23 0.23 0.23 0.23 0.23 0.23 0.23 0.23	0.28 0.56 0.56 0.56 0.56 0.56 Est. wol 233649 100136 100136 114pc 2005 114pc 2007 114pc 2007 114pc 2010 114pc 2011 114pc 2017 114pc 20	0.47 0.76 0.47 0.77 0.77 0.77 0.77 0.77 0.77 0.77	Mer Jam	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 126-69 126-69 126-69 126-19 126-69 126-19 126-69 126-19 126-69 126-19 126-69 126-19 126-69 12	116-06 115-22 105-30 10	+0-10 +0-10 +0-10 +0-10 Change At Open is Set Vett S	116-11 115-27 126-25 126-25 126-25 160-16 126-72 126-25 160-16 126-72 126-25 160-16 126-73 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 126-	115-24 116-22 116-22 116-22 126-54 126-54 126-61 126-54 126-61 126-54 126-61 126-54 126-61 126-54 126-61 12	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 235 235 235 235 235 235 235 235 235	259,663 13,416 Open Int. n/a 12,416 Open Int. n/a 14,416
128 1.98 129 1.12 130 0.51 Est vol. 1018, Cain 43,809 Pu Germany Morional, German Open Set 102.44 10 Mor 101.55 10 UK GILTS PSI Likes up to five Years Tress 134pc 1997; 13.13 Esch 1040; 1997; 14.13 Esch 1040; 1997; 15.23 Esch 15pc 1998 14.28 Esch 15pc 1998 17.18 Esch 15pc 1998 10.97 Tress 104pc 1998 11.09 Tress 104pc 1999 11.09 Tress 104pc 1999 11.09 Tress 104pc 1999 1999 1999 1999 Tress 104pc 1999 1999 1999 1999 Tress 104pc 1999 1999 1999 1999 1999 1999 Tress 104pc 1999 1999 1999 1999 1999 1999 1999 19	0.86 ms 3-581 Previous Previou	2.37 1.182 1.192 1.192 1.192 1.192 1.193	0.05 0.21 0.21 0.21 0.21 0.21 0.23 101.45 101.45 101.45 100.2 Treas 100.3 Treas 100.3 Treas 100.4 Treas 100.5 Treas 100.5 Treas 100.5 Treas 100.7 Trea	0.28 0.58 0.58 0.58 0.58 0.58 0.58 0.58 0.5	0.47 0.76 0.47 0.77 0.77 0.77 0.77 0.77 0.77 0.77	Mer Jan Morric (JFFE 188 Mer * LIFFE 188 Mer *	116-08 115-38 115-38 115-38 115-38 115-38 115-38 115-38 115-38 126-19 12	116-06 115-22 100ts of 1 Close	+0-10 +0-10 +0-10 +0-10 Change At Open is Set Vett S	116-11 115-27 126-25 126-25 126-25 160-16 126-72 126-25 160-16 126-72 126-25 160-16 126-73 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 127 126-73 126-	115-24 116-22 116-22 116-22 126-54 126-54 126-54 126-54 126-61 13.5 11 13.5 11 13.5 12 13.5 12 13.5 13	221,639 225 Est. voi 1912 3356 sous day. 221,639 225 Est. voi 1912 3356 sous day. 221,639 231 1912 232,141 23356 sous day. 231,411 231,41	259,663 13,416 Open Int. 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4
128 1.98 129 1.12 130 0.51 Est vol. 1013, Cale 43,809 Pu Gerthamy Motional, German Coen Set 102.44 10 Mor 101.55 10 UK GILTS PRI Little 101.55 10 UK GILTS PRI Little 101.55 10 Little 1	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.13 1.13	0.05	0.28 0.55 0.56 0.56 0.56 0.56 0.56 0.56 0.56	0.47 0.76 0.77 0.77 0.77 0.78 1.23 11.611. cof 100% Cpen Int. 136837 142411 Robs id 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5	Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126.19 12	116-06 115-22 100ths of 11 Close Sign Index	+0-10 +0-10 +0-10 +0-10 Change Listen All Open is See 191 See	116-11 115-27 126-25 126-25 100-1	115-24 116-22 116-22 116-22 116-22 126-54 128-01 128-54 128-01 128-54 128-01 13	221,639 225 UFFES Est. vol. 1912 3356 nous day. 1353 ++- 1353 +	259,663 13,416 Open Int. 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4 1/4
128 1.98 129 1.12 130 0.51 Est vol. sea, Caie 43,809 Pu Gertmany MOTIONAL GERMAN Open Set 102.44 10 May 101.55 10 UK GILTS PRI Notes 144 10 Like 1957 1.13.15 Est 1967 1.13.15 Est 1968 1.997 1.13.15 Est 1968 1.997 1.13.15 Est 1968 1.997 1.13.15 Est 1968 1.997 1.13.15 Est 1969 1.13.15 Est 1	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.10 1.10	0.05	0.28 0.55 0.56 0.56 0.56 0.56 0.56 0.56 0.56	0.47 0.76 0.77 0.77 0.77 0.78 1.23 11.611. cof 100% Cpen Int. 136837 142411 Robs id 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5	Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126.19 12	116-06 115-22 105-50 10	+0-10 +0-10 +0-10 +0-10 +0-10 Change	116-11 115-27 126-25 126-25 126-25 160-85 101 126-25 160-85 101 126-25 160-85 101 126-25 160-85 101 126-25 160-85 101 126-25 160-85 101 126-25 160-85 101 126-25 126-25 1	115-24 116-22 11	221,639 225 Est. voi 1912 3356 sous day.	259,663 13,416 Open Int. Open In
128 1.98 129 1.12 130 1.12 130 1.12 130 0.51 Est. vol. sees, Cada 45,000 Pu GETTINEARY MOTIONAL GERMAN Dec 102.44 10 May 101.55 10 UK GILTS PRI Notes up to Five Years) Tress 134pc 1997 11 12.15 Esch 104sc 1987 11 13.15 Esch 104sc 1987 11 13.15 Esch 104sc 1988 11 13.25 Esch 104sc 1987 11 13.	0.86 ms 3-581 Previous Previou	2.37 1.88 1.12 1.12 1.12 1.12 1.12 1.12 1.10 1.10	0.05 0.27 0.27 0.27 0.61 Ini., Cells 12 Colls 12 Coll	0.28 0.55 0.56 0.56 0.56 0.56 0.56 0.56 0.56	0.47 0.76 0.77 0.77 0.77 0.78 1.23 11.611. cof 100% Cpen Int. 136837 142411 Robs id 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5	Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126.19 12	116-06 115-22 100ths of 11 Close	+0-10 +0-10	116-11 115-27 126-25 12	115-24 116-22 116-22 116-22 126-54 126-54 126-54 126-54 126-61 126-54 126-61 126-54 126-61 126-54 126-61 126-54 126-61 126-54 126-61 12	221,639 225 221,639 225 221,639 225 221,639 225 2356 2356 2356 2356 256 256 256 256 256 256 256 256 256 2	259,663 13,416 Open int. Open in
1.98	0.86 ms 3-581 Previous Previou	2.37 1.82 1.82 1.82 1.82 1.82 1.82 1.82 1.82	0.05 0.21 0.21 0.21 0.21 0.21 0.23 0.10 1.45 0	0.26 0.55 0.96	0.47 0.77 0.77 0.77 0.77 0.77 0.77 0.77	Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 11	116-06 115-22 105-36 10	+0-10 +0-10	116-11 115-27 126-25 126-25 160es (1) 160	115-24 116-22 116-22 116-22 126-54 128-01 128-54 128-01 128-54 128-01 13	221,639 225 221,639 225 221,639 225 221,639 225 225 225 225 225 225 225 225 225 22	259,663 13,416 Open Int. n/a 148, 1784 179, 1784 179, 1784 179, 1784 179, 1784 1785 1785 1785 1785 1785 1785 1785 1785
128	0.86 ms 3.481 Previous Previou	2.37 1.82 1.82 1.82 1.82 1.82 1.82 1.82 1.82	0.055 0.251 0.251 0.251 0.251 0.251 0.251 0.251 0.251 0.251 0.251 0.252	0.28 0.55 0.56 0.56 8.108 Pulse 1 233649 100136 Est. wol 233649 100136 Fulse 2002-6H 11-bec 2003-4H 12-bec 2007-4H 2008-12-H 2	0.47 0.76 1.23 11.811. of 10096 Open int. 136897 142411 Nobe id 7.55 7.84 7.86 7.86 7.86 7.86 7.87 7.87 7.87 7.87	Merid (JFFE 1st Mar LFFE 1s	116-08 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 115-32 126-69 12	116-06 115-22 105-30 10	+0-10 +0-10 +0-10 +0-10 +0-10 Change A Copen is A Copen is The Table of the Table The Table of the Table	116-11 115-27 126-25 126-25 126-25 160-85 109-31 126-25 160-85 109-31 126-31 12	115-24 116-22 116-22 116-22 116-22 116-22 116-22 116-22 116-22 116-23 11	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 225 225 225 225 225 225 225 225 22	259,663 13,416 Open Int. 174, 1114, 1114, 1115, 1116, 11173, 1114, 11173, 11173, 11173, 11173, 11173, 11173, 11173, 11173, 11173, 11174, 11173, 11174, 11173, 11174, 11173, 11174, 1117
128 1.98 129 1.12 130 1.51 Est vol. seal, Cafe 45,000 Pu GOTTOMAL GERMAN MOTIONAL GERMAN Dec 102.44 10 Mer 101.55 10 UK GILTS PRI Notes up to Pier Years) Tress 134pc 1997; 11.33 Esch 104sc 1987 12.35 Esch 104sc 1987 13.45 Esch 104sc 1987 13.45 Esch 104sc 1987 13.45 Esch 104sc 1987 13.55 Esch 104sc 1988 14.55 Esch 104sc 1988 14.55 Esch 104sc 1988 15.55 Esch 104sc 1988 16.97 Tress 104sc 1989 17.55 Tress 104sc 1989 17.55 Tress 104sc 1989 17.55 Tress 104sc 1989 17.77 Tress 104sc 2001 14.55 Tress 104sc 2001 15.99 Tress 104sc 2001 14.77 Tress 104	0.86 ms 3.481 Previous Previou	2.86 1.1.1	0.005 0.21 0.25 0.26 0.21 0.26 0.27 0.26 0.27 0.26 0.27 0.26 0.27 0.28 0.28 0.28 0.28 0.28 0.28 0.28 0.28	0.26 0.55 0.96	0.47 0.76 1.23 11.811. of 10096 Open int. 136897 142411 Nobe id 7.55 7.84 7.86 7.86 7.86 7.86 7.87 7.87 7.87 7.87	Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 11	116-06 115-22 105-36 10	+0-10 +0-10	116-11 115-27 126-25 126-25 126-25 160-65 1(135-6) 1(135-	115-24 116-22 116-22 116-22 126-54 12	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 22	259,663 13,416 Open Int. Open In
128 1.98 129 1.12 130	0.86 ms 3.481 Previous Previou	2.87	0.050 0.211 0.251 0.251 0.251 0.251 0.251 0.251 0.252 0.252 0.252 0.253 0.252 0.253	0.28 0.55 0.56 0.56 0.56 0.56 0.56 0.56 0.56	0.47 0.76 0.47 0.76 1.23 11.811. Copen int. 130897 142411 Robes id 157 7.2 2.84 7.85 2.75 3.84 7.85 7.85 7.87 7.87 7.87 7.87 7.87 7.87	Mer Jan Mer Jan Mer Jan Mer Jan Mer	116-08 115-32 11	116-06 115-22 100ths of 11 Close	+0-10 +0-10 +0-10 +0-10 -10 -10 -1	116-11 115-27 126-27 12	115-24 116-22 11	221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 221,639 225 225 225 225 225 225 235 245 245 25 25 25 25 25 25 25 25 25 25 25 25 25	259,663 13,416 Copen int. 1,416 Copen int. 1,4
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By Graham Bowley The dollar railied strongly on the foreign exchanges yesterday as investors fled the D-Mark over concerns that European authorities were seeking to undermine the German currency.

The dollar surged in Asian trading after German officials' comments on Monday suggested they expected the curo, the proposed European single currency, would be weaker than the dollar and European central bank yen at Y113.7. established its credibility.

MARKETS REPORT

. 3

continued in European trad- after London's close on Moning. It rose against the yen and touched a 23-month high against the D-Mark Traders said the officials

might be trying to talk up the dollar in order to weaken the French franc, thus stimulating the French economy. The pound, which rose in line with the dollar in Asian

Dec 3

POUND SPOT FORWARD AGAIN

-0.0748 970 - 215

93.3307 -0.3792 104 - 510 9.9038 -0.0461 994 - 094 7.7208 -0.07 145 - 273 8.7480 -0.0717 417 - 508

2.5879 -0.0106 002 - 506 405.986 -2.542 700 - 201 1.0009 -0.0001 000 - 016

3541.19 -12.3 209 - 178 53.3307 -0.2765 104 - 510 E.5037 -0.0122 022 - 051 10.7748 -0.0122 022 - 051 200.950 -0.777 768 - 112 217.758 -1.127 651 - 866 11.3469 +0.0020 370 - 535 2 200.0

2.2000 -0.0131 985 - 015

1.6517 -0.0328 512 - 822 1,7058 -0.034 062 - 064 2,2281 -0.0507 270 - 292 13,0128 -0.2388 006 - 250

12,7741

58.9765 5.4486 187.862

-0.252 694 - 768 -1.193 780 - 769 -0.0686 407 - 564

trading, fell sharply once bank chief economist, and rumours that the Bank of bank president. England was intervening to limit sterling's appreciation. comments were taken to

vious London close, at Asian trading.

The pound finished three tion credentials. cents lower against the dollar at \$1.652. The dollar at NatWest Markets in Lon-D-Mark, from DM1.542. It has been so explicit on this yen, at least until the future was unchanged against the subject, suggesting that Emu

The US currency's rally ■ The dollar rose sharply day as the currency markets digested comments made by Mr Otmar Issing, Bundes-

Dec 3	Latest	Prev. clos
£ spet	1.8370	1.6810
१ वार्षे	1.6362	1.5802
3 mth	. 1.8335	1.8775
7 17	1,5174	1.8618

One month Rate %PA

2,2229

82.9407 9,8484

2.5881

0.9995 2562.49

11,2431

2.2121

12,753

2.3422 455 2.3517 -2.8 2.3725 -1.8

18.4910 18.1678 18.1691 2.9
64.8430 53.2540 53.2057 2.8
10.0760 9.9854 1.554 2.4
7.8810 7.7148 8.7253 2.8
2.6387 7.3548 2.5614 3.0
414.408 405.482 1.0006 0.4
2588.03 2538.07 2544.98 -1.8
2.9549 2.9509 2.2858 3.2
10.9489 10.7528 10.7624 1.4
284.726 280.683 261.145 -0.9
222.146 277.536 277.929 -0.9

222.146 217.536 217.928 -0.9 11.4499 11.2363 11.2457 0.1 2.2944 2.1905 2.190 4.4

12.9975 12.7595 12.7668 D.7

1.3371 -0.0067 363 - 378 1/3575 1.3355 1.8362 1.8 1.3307

1.8807 1.845-1.7355 1.7036 2.2710 2.2252 19.2379 13.0006 1.9900

59,9940 58,8760 5,5196 5,4407

1002.640 107.640

4.2479 4.1879 2.3585 2.3336 43.5289 43.3519

wanten & William Secs 6.00

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Herister a smirmeter Serend 6 00
G. Hoarte & Co. 8.00
Horgivery & Shampher 6.00
J. Libert Hodge Bank 6.00
Stanptid Joseph & Sons 8.00
Ulcyde Bank 6.00

Lloyde Bank 6.00 Micheel Bank 6.00 Mount Credit Cosp 6.25

Barra of Barode

Bank of Cyprus Bank of Instant

Bark of India

Corcinna Book .

Cyclesdale Bank

Course & Co

Gilberts NA 606

6.00

445 OB

600

18,4910 18,1879 18,1661

London trading opened amid Mr Hans Tietmeyer, Bundes-Traders said Mr Issing's

The pound closed in Lon- mean that he would be condon 1 pfenning below its pre-tent with a stronger dollar. Mr Tietmeyer suggested DM2.5879, but this was about that it would be some time six plennigs down on its after the start of Emu before peak reached in overnight the European central bank established its full anti-infla-

Mr Huw Roberts, strategist closed in London at don, said: "This is the first DM1.5665 against the time that anyone so senior could lead to a flight to qual-

> question the euro's potential status as a reserve currency. and triggered sales of the D-Mark against the dollar. The cynics would say that the German authorities

have chosen this route of talking the dollar higher instead of changing interest rates," said Mr Roberts. Pressure has been rising

0.8 0.989 -1.8 2556.99

3.0 3.3 1.3

216.163 -0.2 0.1 11.2307 4.2 2.1063

52,9407 2.9 51,7457 2,8604 3.2 2,8069 10,7424 1.2 10,6374

2.0

-0.4 2.0724 -0.1 0.7 12.6683 0.7

D-Mark and pound fall as dollar rallies Sterling Trace-weighted Index

> in France for the French and This caused traders to weaken the franc, particu-

larly against the dollar. The D-Mark was further undermined by weak German industrial production data which indicated that German interest rates look set to remain low.

The pound also fell victim to yesterday's market turbulance language langua lence. Its reversal came as

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

11,0228 +0,1696 160 - 246 \$2,2825 +0,4625 800 - 960 \$9,951 +0,0691 711 - 761 \$2,942 +0,0691 711 - 761 \$2,942 +0,0692 932 - 952 \$1,5605 +0,0625 965 - 915 \$1,5605 +0,0625 + 915 \$1,5605 +0,0625 + 915 \$1,5605 +0,0625 + 915 \$1,5605 +

1588.25 +0.4625 600 - 550
1.7577 +0.0259 572 - 550
8.5223 +0.0625 200 - 250
157.560 +2.615 210 - 010
131.515 +1.59 780 - 540
1.3317 +0.018 12 - 322
1.2326 +0.027 515 - 525
1.2356 +0.0182 352 - 559

-0.0001 998 - 998 -0.0001 925 - 328 -0.0039 485 - 460 -0.0185 720 - 620

+0.007 531 - 588 +0.0005 320 - 330 -0.015 500 - 500

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35,7000 3,2982 113,730

(Peso) (PS) (CS) Peso)

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little surprise to traders, as Clarke, the chancell sterling had appreciated by claimed, speculation gr 12 per cent since the summer. Many had expected profit-taking to reverse some of the gains sooner or later. Mr Jim O'Neill, at Goldman Sachs in London, said: There has been rampant

CURRENCIES AND MONEY

profit taking. The last 24 hours has seen heavy selling of the D-Mark for the yen, prompting big profit taking in yen-driven trades." This hit sterling as Japanese investors have been buying both pounds and Aussie dollars The pound has been rising

on expectations of interest German authorities to rate hikes. After last month's budget, which traders said was more fiscally expansive than Mr Kenneth

32.0890 5.9559 4.6472

4,5902 4,5472 4,5096 5,3273 8,2758 5,2858 1,5735 1,5545 1,5636 247,280 244,300 247,315 1,6780 1,6485 1,6501 1544,17 1526,75 1541,42

32,0690 32,2225 1,7467 1,7509 8,4708 6,5188

167.300 155.165 131.240 131.996 6.7735 6.8053

1.3210 1.3279 1.6500 1.6512 1.2342 1.2369

1.2449 1.255 1.7520 7.7324

0.9998

35,6500 3.3019 3.2790 · 114.600 113.590 113.255

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0.9998 1.0330 1.3514 7.8830

1,2539 7,7340

35,7500

32.2225 5.9862 4.6648

that interest rates might raised at this month's m ing between Mr Clarke a Mr Eddie George, govern of the Bank of England.

MONEY RATES

But traders said yesterd that the markets we starting to believe that Budget was fiscally tigh than initially suspected. putting off the need for r hikes. Traders said invest had also started to do whether the pound's ra could go much further at the purchasing manag survey of manufacturers i week showed that expo were beginning to suffer.

tough to see any real fr buying of sterling by inv tors at these levels But he added: "If b rates rise next week, sterli could recover sharply".

Mr O'Neill said: "It

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32.095 5.9678

5,2679 1,5576 140,885

1,6497 1547.**AS**

6.5129 158.48

8.7954

1,3201 1,6485

1.2589 7.7329

2.5347 1.4235

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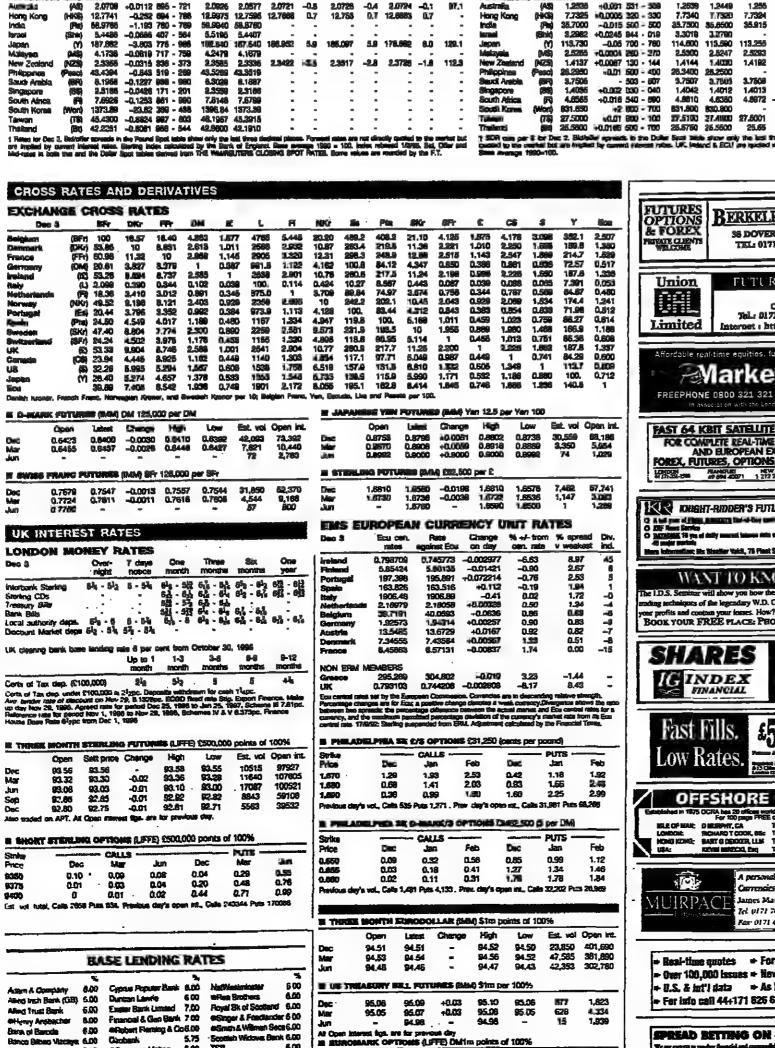
35.915 -7.2 36.376 -7.5

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1,455 -2.9

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	S Tribball									
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ا -	M THEE	MORTH S	SCU (RUTUM	SIL		Tm pains	of 1009	4	_
28.7	_	-	Sett p		hange	High	Low			pen int.
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- !	Jun Jun	95,83	95.9		10.01 10.01	95.97	95.94			3719
:1	Sep	85.90	95.9	1 4	0.03	95.93	95.90			3192
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:	Strike			CALL		,	. ,	- PUTE	-	
- 1	Price	Dèc		Mar		turi	Dec	Mar	-	Jun
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	9300 9326	0.07 0.01		0.71 0.51		.10 .05	0.10	0.05		0.10 0.13
- 1	Est. vol. lotal,		Puta		_					



CALLS

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CALLS -

0.25 0.14

Feb

Dec

0.03 0.23 0.47

Page 11001. Previous day's open ar., Calls 533107 Puts 346400 NC OPTIONS (LFFE) SFT for power of 100%

0.15 0.36

Feb

0.08 0.21 0.41

0.04 0.06 0.18 0.19 0.40 0.41

PUTS

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Mar

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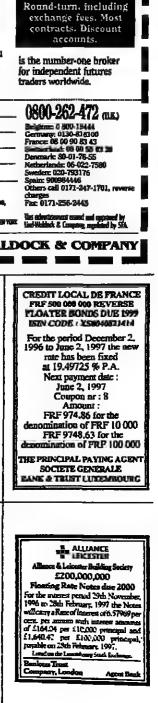
0.06 0.01

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Weekly Peircleum Argus -- - -





and save 50-70% off full-

ON FUTURES

£5-£25

Having opened at 377.25 cents. nearly double last year's crop of new crop wheat for export, lending wheat futures for March delivery 9.2m, and sharply higher than the a competitive note to the world

US winter wheat crop prospects

contract lows of 363 cents reached are also excellent - conditions in [wheat] stocks in the US and huge

growing regions are the best in five

years. The new US crop will not be

Both Australia and Argentina

last official estimate of 14.9m.

Australia lifts forecast for winter grain harvest

By Nikki Tait in Sydney

Australia's winter grain production, which already stand at record levels, have been raised again following mild spring weather and good

The Australian Bureau of Agricultural and Resource Economics said yesterday it now expected winter crop production to total 32.2m tonnes, about 4.6m tonnes previous record harvest crop.

have risen steadily in recent of a near 26 per cent increase months: in September, for in wheat production over example, it was talking of a 1995-96 levels. This year's that despite high yields, than usual protein levels in prices has meant that they Australian Wheat Board to

Official forecasts for CBOT wheat futures move lower as evidence of record production mounts

Wheat futures at the Chicago Board of Trade moved lower yesterday as traders continued to assess the impact of rapidly-expanding global grain supplies, writes Laurie Morse. Fresh evidence of record southern hemisphere grain production weighed on prices, as did news of relatively heavy deliveries against the expiring futures contract.

2.2m tonne increase on the smaller than the 1983-84

The increase has been

of Argentina's wheat harvest had moved up to about 16m tonnes - have been actively contracting their Lynch in Chicago. 1996-97, with production in

on November 6.

wheat futures for March delivery

were trading at 372.5 cents a bushel

at midday - holding above life-of-

On top of the news from Austra-

tonnes. But the bureau is warning are likely to lead to lower sharp fall in world wheat could affect the ability of the

New South Wales alone ris-

across much of New South tive director.
Wales and Queensland have For grain The bureau's estimates driven largely by estimates ing 59 per cent to 7.4m led to downgrading of crops, and the cool, mild conditions

lia, traders said industry estimates ready for harvest for five months.

more than last year, and a 28.7m tonne harvest, slightly wheat harvest is now fore-quality may fall short of wheat," said Mr Brian will be heavily dependent on cast to reach 21.3m in expectations. "October rains Fisher, the bureau's execu- the level of production to

mixed blessing. The recent reciating Australian dollar

make acceptable returns, For grain farmers, the and there have been conrecord crop is also proving a cerns that the rapidly app-

We have historically tight

competition in the world market,

and I think traders are trying to

sort that out," said Mr Randy Mit-

telstaedt, grains analyst for Merrill

Although some price stability has returned, there are fears that this could further lower pool returns.

Last week, the AWB, which handles all export sales, said that, to date, its "risk management strategy" had largely neutralised the impact of the rising dollar. But it admitted that "a continually strengthening Australian dollar must eventually have some impact on

pool returns". Meanwhile, the area planted to cotton is also forecast to reach a record 388,000 hectares, 28 per cent up on last season. The harvest is put at 2.5m bales, or 571,000

more copper volatility | Sy Santario Simon

MARKETS REPORT

By Kenneth Gooding and Robert Corzina

After another volatile day for copper on the London Metal Exchange, traders physical copper available. remained nervous and uncertain about the market's direction in the next few days. However, there was less concern about the possibility of market turmoil this morning when dealers must declare whether they want to exercise options.

resterday started when the LME revealed that its stocks of the metal had risen by 1,000 tonnes when traders had widely expected they would be up by 3,000 tonnes to 5,000 tormer

This caused the price to bounce in the morning. It standing back because they weakened again but then believed the price had furrecovered when the premium for copper for immediate delivery compared with three-month metal widened in late trading. This premium started yesterday at number of export contracts

and ended at \$170. Premiums of this size should attract spare metal to the exchange but the small stock rise convinced many analysts that there was little

Gold in London crashed through the \$370 a troy ounce level yesterday and closed at \$367.85, down \$3.20 from Monday's close. It was the first time that the seemingly solid price support at \$370 had given way since

"I would not be surprised to see gold at \$330 in 1997," said Mr Ted Arnold, analyst at the Merrill Lynch financial services group.

Dealers suggested gold was collapsing under the weight of producer selling while potential buyers were ther to fall.

Oil prices yesterday continued to be influenced by dad about the timing and

nies. The world benchmark Brent Blend for January delivery fell 27 cents from its Monday close to \$23.35 a barrel after an Iraqi official said first shipments could begin next week. But Brent regained ground in late London trading to around \$23.62. as traders once again adopted a "wait and see"

Traders also watched for signs that the six-day-old strike at three French refineries owned by Elf Aquitains was affecting western European product markets. Gasoline prices firmed on fears of possible supply shortfalls Gasoil futures on London's IPE closed up \$3 at 232,75 a tonne.

attitude toward the impact

of Iraqi crude sales.

(As at	Thursday's	cicee)
DANK	•	

Tan	+50	10 8,520
Zinc	+1,050	to 626,9
Niçisəl	+854	to 47,02
Load	-376	to 121,4
Copper	+1,000	10 83,477
Aluminium alloy	-100	10 75,70
College Services	-11000	NA BANKAL

Traders nervous after Inco upbeat on trend for nickel

wheat trade.

Inco, the world's biggest nickel producer, has painted an encouraging picture of market trends, in spite of slackness in the stainless steel industry and the possibility of a sharp incres nickel output towards the end of the decade.

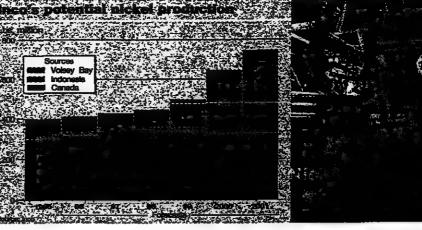
The Toronto-based company also disclosed in its annual presentation to analysts that the estimated cost of developing the big Voisey's Bay nickel, copper and cobalt deposit in Labrador has climbed from \$1.1bn to

Voisey's Bay, acquired earlier this year, is expected to produce 270m Ib of pickel by 2001. The deposit will lift Inco's annual output to an estimated 750m lb, from 415m lb this year and 430m lb in 1997. It will also double copper output to 500m lb.

Inco. which accounts for about 30 per cent of global mickel output, predicted that Voisey's Bay would lower average cash production costs from \$1.48 in the first nine months of 1996 to

SOFTS

IN COCOA LIFFE (E/tonne



Mr Peter Salathiel, executive vice-president for marketing, said the balance between nickel supply and demand would be "very good" in 1997 and 1998. He forecast that nickel

demand would rise from 960,000 tonnes in 1996 to 1.025m tonnes next year. reflecting accelerating expansion in the industrialised economies. He said an improvement was recently evident in Europe.

Mr Salathiel said the stain-

966 B2 1,403 915 5,190 63,188

less steel industry, which Salathial, many projects now makes up about two thirds of nickel demand, was "going through a bit of a crisis", with weak demand

exacerbated by a steady rise in capacity. However, he estimated that stainless steel output would grow from 14.8m tonnes in 1996 to 15.7m tonnes next year. Nickel supplies are expec-

ted to rise from 960,000 tonnes to about 1m tonnes. Few new projects are likely to come on-stream before 1998 and, according to Mr buy back about 50m shares.

on the drawing board may

not reach production. "While there is a lot of nickel in the world, there is a shortage of good deposits," he said. Mr Salathiel also dismissed rumours of large, unreported stocks in Rotterdam warehouses.

Capital spending is expected to climb to about \$740m next year from \$432m in 1996 and \$326m last year. In addition, as part of the Voisey's Bay deal, Inco has pledged to

JOTTER PAD

Coffee stocks 'critically

The world faces a deficit in the supply of coffee next year of 1.2m bags, or 72,000 tonnes, according to GNI, the London broker.

Mr Lawrence Eagles, commodities analyst at GNI in Brazil, says he believes tight coffee supplies will push prices up towards the end of the year as consumer stocks are "critically low".

He says prices on New York's Coffee, Sugar and high as \$1.80 a pound in coming months, possibly with a spike to \$1.60.

Coffee prices were a little York March futures contract trading at \$1.05 a pound in light volume

The market's direction depends on news of Brazil's crop. Estimates of the crop's size differ widely, with the TIS Department of Agriculture expecting around 27m - much higher than local estimates, which put the harvest at between 24m and 26m bags.

Although global supply and demand will move more closely into balance next year, from a shortfall of 16m bags in 1995-96, Mr Eagles argues that consumers have not replenished their stocks for several years. This leaves coffee stocks held by roasters in consuming cou tries at their lowest level for at least four years, a factor which will underpin prices. m addition. Brazilian our put in 1997-1998 could be hit by the poor flowering on some trees now. Mr Eagles

says one co-operative has put the crop at 17.8m bags. However, the Economist Intelligence Unit yesterday forecast Brazil's crop at 28m bage for 1997-1998 unchanged from the current

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COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE

	* Cash	3 million
Close	1495-97	1524-25
Previous	1498.5-99.5	1525-26
High/low		1629/1512
AM Official	1488.5-89.5	1616.5-17.0
Kerb ciose		1526.5-27.0
Open Int.	250,969	
Total daily lumover	-1.23	
E ALUMNIUM AL	LOY (5 per to	(ma)
Close	1340-45	1965-00
Previous	1328-33	1566-60
High/low	1331	1369/1365
AM DNIGIN	(381-42)	1357-62

Previous	1328-33	1-300-40
High/low	1331	1369/1365
MA Dilicini	(331-43)	1357-52
Kerb close		1305-05
Open Irt.	6.372	-
Total dely turnover	1,322	
E LEAD (5 per ton	ne)	
Close	674.5-78.5	683-85
Previous	863-4	692-3
High/law	677	689/681
JAM Official	877-77,5	685-85.5
Kerb closs		665-85
Open in.	39,081	
Total daily turnover	7,668	
E MICKEL BOW I	OTHER	
Close	6735-45	8220-35
Fredoris	874D-50	6825.30

6735-43 8740-50 6710 6700-10	6825-30 6825-30 6840/6776 6791-93
48,616 8,215	6820-30
Mine All	6065-70
6075-80	6089-100 6085/6057
0035-45	6068-70 6070-75
15,464 3,941	
	8740-50 6710 8700-10 48,616 8,218 6035-45 6035-45 15,464

Open int. Total daily furniver	15,464 3,941	
•	igli grade (5 p	ST LOTTE
Close	1035-36	1059-60
Promotos	1047.5-48.5	1070-71
High/low	1037/1036.5	1065/1056
AM Official	1036.5-37.0	1059.5-80.0
Kerb close		1060-61
Open Int.	84,807	
Total daily furnavor	24,072	
IL COPPER, grade	A (5 per tonn	e)
Close	2340-45	2175-76
Previous	2420-25	2215-18

40-45 20-25 5/2315 25-30 2,501	2175-76 2215-18 2197/2153 2175-76 2182-83
5/2315 25-30	2197/2153 2175-76
25-30	2175-76
2,501	2182-83
2,501	
3,861	
	he: 1.6525 he: 1 6312 9

m 14	GH GRA	DE CO	PPER	(COME	90	
	Sett	Day's				Орея
	price	بالحجرة		Low	44	int.
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مطر		+0 35				5,829
Feb		+0.35				1,216
		+0.55				25,564

Mar Apr May	99 45	+1.05	101.40 99.45 98.50	98.60	907 307	70 4,11					
PRECIOUS METALS TIMES BY LONDON BULLION MARKET											

Gold(Troy oz) S orice £ equity SFr equity 366.80-372.20 369.00-369.40 369.00 367.40 369.30-369.70 Day's High 366.80-367.20

Loco Ldn Menn Gold Len 2.74 US cts equit 471.00 285.80

3 munits 6 montes 482.55 494.40 299.20 8 price 386-370 £ equiv. 223-224 Gold Cold

Precious Metais continued M GOLD COMEX (100 Troy oz.: S/troy oz.)

	Selk	Day's	. Illah	_		
_	price	_	_		Yel	
	366.5	-0.4			2,115	3,94
Peb Aur	3771.4	-0.5 -0.5	371.2 373.0		20,801	31.50 31.50
Ξ		-0.5				12.97
Æ		-0.6				5.6
Oct	379.1					2,10
Total	07 8.1			411.0	24,005	
	CONTRACT	APVILLE	E 650 1	Ten ce		
Jee	376.0	+0.3	376.4		1,595	
Apr	378.5					8,51
Jul Gei	381.4 384.5					1,02
Tetal	334.3	+0.2	309.12	البحقة	2 1,814	21
					•	
E PA	LADIU	MINTH	EX (10)	I may o	2, S/D	by az
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Jün	118.30				40	29
Dec	120.30	-0.60	-	_	4	1
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			490.D		180	8,95
Jel				480.5	58	7,10
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CIVE	RGV					

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-	34.62	Charge 0.18	_	Law 24 At	Vel 40,826	PK 475
reb		-0.19			16,620	
Minc	23.55	-0.27	23.73	23.48	5,815	26,518
Age	23.05		23.21	23.00	2,299	
May July	22.59 22.17	-0.36 -0.37	22.70 22.35	22.12	1,497	14,968 27,791
Total	44.17	-0-01	22.33	44.14		Z/1,/91

July Total	22.17	-0.37	22.0	22.12		370,751
CRI	JDE OI	t, IPE (bare	9		
		Tray's	High	Line	Vol	Open les
June Ferb	22.86	-0.28 -0.19	22.98	22.72	10,608	42,832
		-0.24 -0.23 -0.23	21.79		1,600	29,320 12,351 6,900
Jen Total		-0.22			1,124	
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		Day's change	High.	LOW	Yol	General let
Just Feb	71.00	-0.32 -0.47	71.45	70.15	5,904	45,707 20,709
Mar	67.65	-0.42	67.95	67.30	1,976	11,850

	71.00 67.65 63.70	-0.32 -0.47 -0.42 -0.32	71.45 67.95 64.00	777.15 67.30 63.40	5,904 1,976 509	20,709 11,850 8,344	
y		-0.37			427	4,008	
a	58.75	-0.37	58.80	58.50	276	4,594	
					30,353	114,511	
Q,	S OIL P	E G/Eur	4				
	Sett	Day's					
	price	chángo	الوكا	Low	You	int	
È	222.75	+3.00	224,50	222.25	5,641	20,260	
	220 00	+3.75	221.25	219.50	5,437	30,565	
	719 7E					10.070	

		Day's chings		Low	Vol		
ec .		+3.00				20,260	
		+3.75				30,565	
rb .		+4.00			1,663	10,679	
	203.75	+4.00	204,50	203.25	600	7,118	
pr	194,75	+4.00	195.50	194.00	881	5,254	
ery Pr	100.25	+3.75	190.00	182	24	2,906	
					14,000	\$7,910	
NA	TURAL	CAS N	YMEX (1	7000 m	Blu.; \$1	- (u	
		Dep.				-	
	price	change	- High	-	Yel	54	

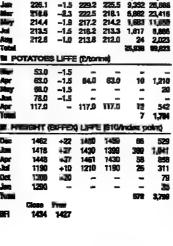
		De.				900
	price	change	High		Yol	岩
jen –	3.350	+0,104	3.410	3,110	15,029	38,663
Feb		+0,074				
Her	2,640	+0.052	2680	2500	1,468	13,801
Apr	2315	+0.012	2320	2.230	341	7,851
May		+0.010				
Joo	2.185	+0.005	2.200	2.150		
Total					24,123	44.72
m tee	PADE	o GAS	N. SEE			
	EX (42,00			gelle.)		

	EX (42,0X			gelle.)		
		Depts charge	High	Desi	Yel	Open
LA .	58,00	-0.12	62.50	67,15	14,207	31,273
ab .	68.80	-0.20	67,00	66.00	3,734	10,371
21	66.10	-0.30	66.50	52.70	897	7,819
	67.60	_0.30	68,10	67.60	670	3,667
77	67.25	-0.15	67.50	67.25	468	2.224
-,	88.20	-0.10	68.20	68.26	113	1.959
		•		-	19.836	55,439

GRAINS AND OIL SEEDS M WHITAT LIFFE (2 per tonne)

		+0.80		21.75	120		Ded	890
				99.86			No.	844
				95.00		2,128		981
No.			97.85	96.86	21		44	875
i page		-0.75		_	_		Step 1	992
lov	94.00	-0.76	94.50	94.00	24		-	1001
(cim					47	6,862	T with	
E W	HEAT CE	22 (S) CC	Obu III	hi; cento	AGORP I	ion,	2 000	DOM CS
ies	385.00	-12	391,00	384,80	1,030	3,080	Des	1342
iler Hey	172.03	-5.25	377,00	371,00	6,851	22,486	West	1405
May .	381.75							1424
led.	333.50					15,385	Jel	1444
	337.50					140	Shib	1480
	349.50	-0.50	352.00	349.60	67	288	Dec	1480
Olm)						35,00 5	Tetal	
	NZE CH	(B,000	Day ma	C COUNTY	5		M 000	DOA (ICC
Dec .	265.00	-1.50	267.75	2E4.25	17,088	34,439	Day 2	
i e						132,520	Debt	
No.	266.75	-2.60	270,50	266.25	7,010	50,107		
int .	269.50	-275	273.50	269.00	3,987	45,834	B (00)	FEE UP
	265.75							_
306	284,75	+0.73	266,00	242.75			-	1335
					74,867	305/495		1292
E BA		FFE (per to	THE S			likey Jan	1273 1257
len.	90.60	-0.20	90,80	89.75	44	179	Sep	1285
iler	91.60						liev	1284
	82,60	-0.20	-	-	_	125	700	
=	引,河	-0.20	-	_	_	1	III (006	FE 'C
	94.00	+0.20	93,80	93,50	13	174		
					4	1,112	Des	114.30
90	YABEA	भव दहा	5.000b	Mit, 00	nia OCID	busheli		105.10
led .		_					May	102.95
=	699.00 692.50						July Sees	102.00 100.75
-	888.50						Dec.	98.75
a' .	688.75						Total	40.13
	887.00					2,699		FEE DO
	874.00				102	327		
biel					67,811	155,729	Dec 2	_
1 50	YABEAY	OL	C87 ID	30000	E CHIE	n/itri		-
lee				22.54	_		75 DZY 8	icale "
	22.85					32,363	= 167 0	TE RUG
				23.15				
kry				23.45		12,322		297.6
	23.70					7,984	May	298.1
ang .	23,75	-0.29	23,90		17	1,648	Ang Cat	298.9
and a					25,713	38,112		
_							Year	205 5

	032.30					
	888.50	-7.00	697,50	688.00	4,182	21.601
Jul	688.75	-8.75	696,00	688.50	3,714	19.672
	887.00				116	
lui	874,00	-175	875.00	674.50	102	307
(mind					67.911	155,729
180	YABEA	-	COLUMN TO	n noon		
_	(ADEX		00 I P	4,000	-	D(162)
lee	22.5	-0,18	22.79	22.54	7,884	5,719
	22.85	-0.14	23,08	22.81	9,004	32.363
in.	23.20	-0.12	23,42	23.15	7,822	26,888
Ray	23.49	-0.15	23,70	23,45	1.060	12.322
lui 🗀	23.70	-0.21	23,95	23.67	836	7,984
larg Total	23.75	-0.29	23.90	23.85		1,648
الطوا						89,112
	YABEA			H60 6		
- 20	No.	N BROOM		(Inn a	10. 10	CC()
)ac	236.7	-1.2	240.0	236.6		14,185
	226.1	-1.5	229.2	225.5	9,352	26,688
in.	216.4	-23	222.5	21B.1	5,682	23,416
	214.4	-1.9	217.2	214.2	1,683	11,656
lel .	213.5	-15	215.2	213.3	1,817	8,885
	212.6	-1.0	213.8	212.0	24	2.023
ocal.					25,530	88,823
E PO	TATOR	LIFE	(E/hor	and .		
			,			
-	53.0	-1.5			-	_
pr.	63.0	-1.5	84,0	63.0	10	1,210
any.	68.0	-1.5	_	_	-	20
	78.0	-1.5	~		_	-
pr_	117.9	-	117.9	117.0	12	542
					7	1,786
i. Hit	BOHT (CFRE	LIFT	E ISTON	ndez o	



Minor (Metals
European free merket, from Metal Bulletin.
S per lb in warehouse, unless otherwise
stated (lest week's in brackets, where
changed). Antimoxy: 99.65%, \$ per torms.
2,000-2,080 (1,900-2,050). Blamuth: min.
99.99%, tonne lots 3.05-3.40 (3.10-3.50),
Cadmiums min. 99.95%, cents a pound.
65-70, Cobelt MB free market, min.
99.8%, 21.25-22,25 (20.80-21,75); min.
99.3%, 20.25-20.85 (19.80-20.80), Mer-
cory: min. 98.98%, \$ per 75 lb flask.
182-172. Molybdenum; drummed molyb-
dio cods, 4.00-4.40 (3.50-3.90). Selentaria
min 99.5%, 2.80-3.60. Tungsten ore: stan-
dard min. 65%, \$ per tonne unit (10kg)
WO, cif, 43-53 (40-50). Venedienze min.
98%, cft, 3.23-3.30 (3.15-3.25), Uranion:
Nuesco unrestricted exchange value, 14,40
(14.80).

1362 1416 1428 1446 1460 318 10,257 122 7,333 242 8,457 10 889 Prior 1034.69 From day 1039,71 +2 1380 1236 1,366 18,097 +4 1305 1268 1,699 13,846 +7 1282 1269 1,059 5,961 +2 1278 12#1 1270 -1 1273 -0.50 115.25 114.10 323 1,205 -0.55 108.75 104.90 7,371 18,848 -0.75 104.10 102.75 569 5,405 -0.65 103.10 101.60 305 1,234 -0.50 101.50 100.50 184 844 -0.80 100.80 88.00 127 488 GAN LIFFE GATOTING -7.1 304.8 296.7 2.970 15.843 -6.3 304.3 297.0 568 4,814 -5.4 304.7 296.0 316 2,406 -5.0 300.0 294.0 116 1,953 -4.4 300.0 296.0 49 551 -6.0 303.8 299.0 31 373 M SUGAR '11' CSCE (112,000bs; cents/bs) 10.27 -0.39 19.65 10.23 4,576 78,706 10.42 -0.32 10.73 10.38 498 30.686 10.39 -0.29 10.67 10.36 280 20,597 10.44 -0.28 10.70 10.41 353 12.857 10.44 -0.26 10.50 10.50 89 3,691 10.45 -0.25 10.51 10.51 14 835 77.80 -0.60 78.40 77.80 617 7.214 77.55 -0.28 77.90 77.80 27 1.246 77.15 -0.25 77.40 77.15 372 7.839 98.30 +0.90 98.40 95.20 1,269 14,082 99.50 +0.45 190.00 99.25 648 8,445

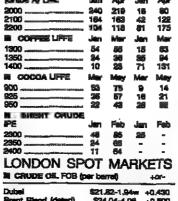
	572	3,790	May Jel Sup Supr Total	105.10	+0.30	105.25	102.50 105.25 107.25	38 20 1 - 1,978	2,77 61 25 25,20
CMS.									
rom Metal , unless (brackets ,65%, \$ p Q. Blarno	others , wh er tor other	vise here me,	Ope cont NYC	LINE DA n interes rects trac E. CME day in ar	and led on CSCE	COME und ii Volume	X, NYI PE Cru & Opi	AEX. (æn

	STATES SAN EX. 39 SECOND LICEUSE
:	INDICES
:	E Reuters (Bass: 18/8/31 = 100)
	Dec 3 Dec 2 month ago year ago 1854.7 1863.2 1853.1 2155.8
:	■ CRB Futures (9ase: 1967 = 100)
1	Dec 2 Nov 29 month ago year ago 242.02 243.36
: 1	6 08C les (Bass: 1970 = 100)
	Dec 2 Nev 29 month age year age 218.87 218.88 202.25 189.70

MEAT AND LIVESTOCK IN LIVE CATTLE CME (40,000/bs; cente/for

	Prior	وعضاه	e Mph	· Lew	1H -		•
	66.00E	1 34.	87.880	86,860	7,887	22,945	
Ė	83.875	-0.350	6L775	65.860	8,327	27,811	
	86,150	-0.125	65.580	65,100	1,678	18,911	
	63.376	-0.225	69,778	63.350	826	7,948	
			69,175				
	65,560	-0.176	BG-650	30.5 00	306	5,207	
	•			1	19,574	91,342	
LN	E HOO	E CME	(40,000	The Car	na Par		
_		_					
10	59.20V	-0.175	59.625	56.880	3,629	10,417	
			78,800				
			73,650				
	78,550	-0.780	76,100	75.350	786	4,551	
1	72.500	-1.000	72,500	72.500	183	1,305	
	86,460	-0.725	88.500	88,280	33	840	
ě.				1	11.427	26,713	
PG	AK BE	LLIER (OME (4)	3.000lbe	c cent	/ibsi	
b			81,400				
			80.800				
			80,400				
			79,800		14	398	
-	78,093	-8.960	Fac. 55.13	74.500	- 5	95	

LONDON TRA				
Strike price & tonne	Ç	_	PT	
(99.7%) LME	460	Apr	ومهل	Apr
1400	123	158	2	15
1500				
1600				
■ COPPER				
Grade A) LIME	Aim	Apr	Jun	Apr
2000			18	80
2100				
2200				
COFFEE LIFTE	Jen	Mar	Jen	Mar



Dubei	\$21,82-1,94w	+0.430
Brent Blend (detect)	\$24,04-4,06	+0,500
Breat Stend (Jan)	\$23.61-3.63	+0.400
W.T.L	\$24.78-4.80w	+0.465
OIL PRODUCTS N	ME prompt delivery	CIF (IDDN)
Premium Gasoline	\$225-227	49
Gas Off	\$224-226	+1
Heavy Fuel Oli	#121×125	+0.5
Naphtha	\$231-233	+6
let fuel	\$255-257	+3
Diesei	\$239-241	+3
NULTURAL GAS (P	STORE	

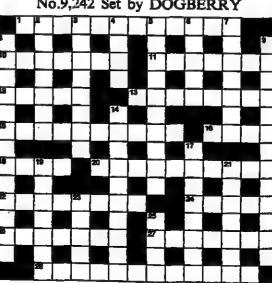
UTHER	_	
old (per troy czję wer (per troy czję whom (per troy cz.) ślacikum (per troy cz.)	\$367.00 ' 469.50c \$372.00 \$115.25	-3.80 -2.00 -1.75 +0,76
opper ad (US prod.) 1 (Kunta Lumpur) 1 (New York)	116.0c 45.00L 14.98r 283.50	-0.01 -1,00
is (ine meidiri). Heeb (ine meidiri) Heeb (ine meidiri)	109,22p 138,13p 95,78p	-3.06° +0.91° +0.47°
n. day sugar (raw) n. day sugar (wha) nhar (Eng. fund) size (US NoS Yellow) heat (US Dark North)	\$264.20 \$309.20 Unq 127.0 Uius	+0,40
(:	10.140	

TOUT (CEN), SINGER, (Wyle)	\$309.20
inter (Eng. fame)	Unq
Value (US NoS Yellow)	127.0
Mheet (US Dark North)	Dies
Bubber (Janj♥	79.75p
Tabber (Feb)#	79.75p
Pubber (ICL RSS No1)	318.0x
Coconut Oil (Philips	\$780.0y
Palm Oil (Makey.)§	517.5x
Copra (Philips	492.5
Scyabeans (US)	125.0z
Cotton Outlook'A' Index	78.65
Vooltops (64s Super)	393p
be touse rupide operate to	and pence/ig.

The year in which The game of Skill, Judgement and Nerve abolished (Spread 10 Telephone 07000 782080

CROSSWORD

No.9,242 Set by DOGBERRY



mirth (5.5)
16 Open, gleaming, lecherous

eye starts to do so (4)
18 Bloom was promoted (4)
20 Dole could make princess
bustler, perhaps (10) 22 Lauder almost called in to make 23 (8)

(5) 26 City with zest? That's right 27 Dreamy one - one to gain heart of African (7) 28 Faithful little Tory force in

massive charge (12) DOW 2 Vague relation to a recipe 3 Egalitarian at length in the <u>bar (8)</u>

4 Throw (having d-drunk) up 5 Extravagant academic former serviceman turned in

ACROSS

1 Landed in wharf with crowd of broadsheets (7,5)

10 Runaway slave kept company in recesses (7)

11 The flower of Torino – cowality? (7)

12 One bargain that can't be improved on (5)

13 Unavowed foreign river in Northern ireland (not Southern) (8)

Southern) (8)

6 Being banished across use Channel, he falls into river (5)

7 In what way to give voice about exhibition (7)

8 Perish horribly on way into capital with local cloth? (6,7)

9 Right, everyone – cure may be addressed thus (4,9)

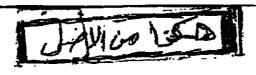
14 Lead-swinger's dynasty admits a student to Queens (10)

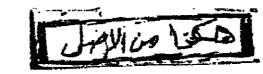
making girl shut up (8)
19 Thus maintaining a beat is

evil (7) German and Latin, there fore, suffer (7) 23 A right accorded to the immigrant (5) 24 Plant's second advantage 25 Low note on synthesiser (4)

Solution 9,241







part of the state 广 持經 - 本無化 **基"就**学验" **14 14** 14

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WEST MINES TO

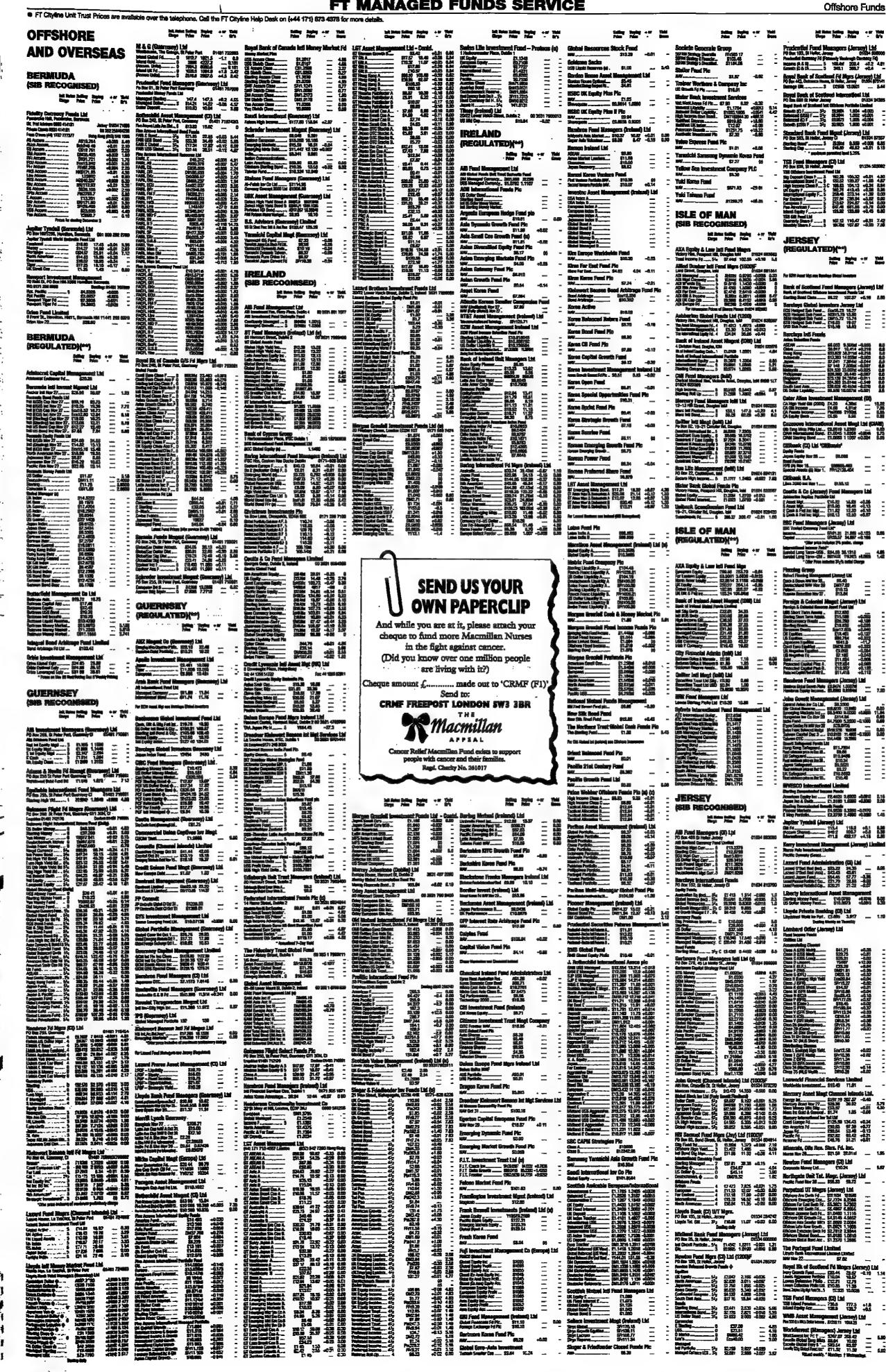
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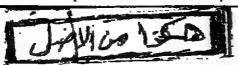
A Section WATER 14.5

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Bearing to

FT MANAGED FUNDS SERVICE





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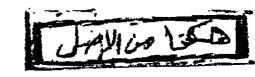
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AMERICA DE CONTRACTOR DE

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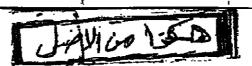
FINANCIAL TIMES WEDNESDAY DECEMBER 4 1996 29 FT MANAGED FUNDS SERVICE Offshore Insurances and Other Funds ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details. Selling Depict +0" That 岩管性性 Selling Dayley - 10 Table Prices Prices - Grand Liberal BAS Funds Liberal BAS Funds Liberal Rus s Liberal Societe Generale Group toPac Asia Pacific Funds Limited Sodific Asset Man French Limited - 181.50 | 1.05 | +0.14 | - 181.50 | 14.22 | -0.05 | - 181.50 | 12.74 | -0.16 | - 181.50 | 12.74 | -0.16 | - 181.50 | 12.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181.51 | 11.74 | -0.16 | - 181. orez de Mendoo SA de CV Lippo Asia Ltd Jon Ri Caymol Liv NV. Internation Geometric DR Water Market...... \$12.78 Afficace Capital Solver Capital Inc Oryx (Redie) Fund Ltd Liopia Bank Government Books Paded Streets Street POREX Streets Planting Porterpance \$1054 1981.1 Allied Danber Inte Count Asset Man Count Asset Management Corpo Cost Salemani Roben I Ltd. \$13783.40 Count Arbitrago Let \$22615.35 Cont Robert Management 511407.54 tonifies Fend Ltd generat List Indications: Asset Means guernant: Assis 124 Japan 15 (2) ... \$13,000 14,305 -0,195 Foods 16 (2) ... \$13,000 14,305 Carl Spanngler KAS (pulga bin hat 1990-9. \$113.34 क्रा १४ | Total | Tender | Tender | Total | To natio Franci of Francis Ltd rea Enterprise Pané (L.V. 3.75 PEPC International Ltd Contra Belli Constal Link Carre Management | 14 The NC Oppole Fund LP PBS international PROS INTEREST MANUALS PRIS Capital Manuals PRIS Capital Manuals PRIS Pland Rule Mais Dysportanity PRIS Student Recomment PRIS Student Recomment Assention PRIS Dissentiate PRIS Student Manuals PRIS Ruled Manuals PRIS Manuals PR Connects Fund Man INFS Meridian Fasts Find latins for 3. \$10. Find latins for 3. \$10. Find latins for 3. \$173. 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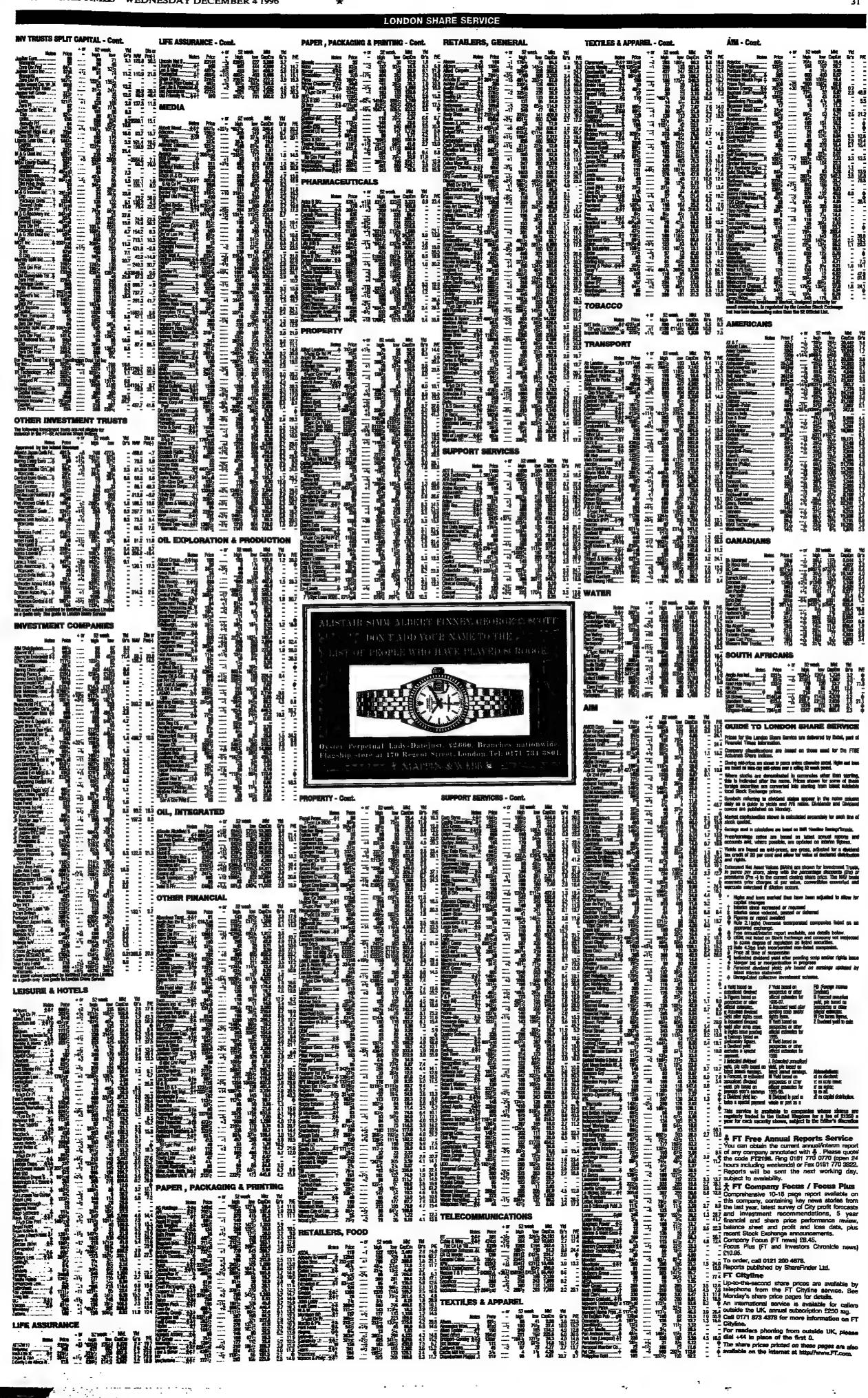
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MEDICAL MARK

THE PERSONAL PROPERTY AND PARTY.

The share prices printed on these pages are also



LONDON STOCK EXCHANGE

Footsie has all-time high within its grasp

By Steve Thompson,

A sharp pick-up in turnover and a welcome bout of profit-taking in a recently rampant sterling proved to be just what London's equity market needed vesterday

Share prices were on the move from the outset, and gathered pace throughout a busy trading session to close not far short of the day's best and within sight of the FTSE 100 index's all-time closing and intra-day highs.

Initial progress on Wall Street

stocks. Footsie, which has been funds into shares via the FTSE ish Energy, National Grid, Scot- emphasised the lack of selling under various degrees of pressure since the middle of last week when sterling began to make rapid strides against the dollar and the D-mark, closed 23.0 higher at 4.061.5.

Shares in the big UK exporting nound's tump.

The index is only 12 points off its best-ever close, reached on October 21, and only 83.3 below its highest ever intra-day level, attained on November 26.

The other leading indices, the FTSE 250 and SmallCap, were rather left behind by the leaders, yesterday gave further impetus with traders taking the view that to a solid performance from UK the institutions were moving

future and the leading issues. The FTSE 250 nevertheless rose 12.8 to 4.427.6, while the Small-

Cap added 1.3 at 2.161.3. There was a slight feeling of unease in London towards the close, however, as gilts finished companies have been hit by the the day down a few ticks in the medium to long maturities. Mr Richard Jeffrey, group economist at Charterhouse Bank, said

"there was the first hint of cau-

tion in gilts for some time".

Turnover increased sharply from Monday's dismal levels, boosted by a series of hig utilities deals after the Treasury sold its remaining residual share stakes,

ity companies.

almost £260m with the sale.

which was conducted as an

auction handled by N M

Rothschild and included 11

per cent of British Energy -

or 81m shares - at 146p a

HSBC James Capel took

on the British Energy shares

and offered them in the mar-

ket at 147%p a share. How-

ever, by the close of trading

it appeared that only 20 per

cent of the stake had been

Scottish Power shares with Kleinwort, which was con-

sidered to be acting coolly,

considering that Scottish has

figures out today and is

expected to make a state-

ment that will include hefty

iob losses at its Southern

Water arm. Kleinwort also

The Treasury placed 18.8m

sold on to clients.

tish Hydro, Scottish Power, Sev- pressure recently, despite the ern Trent and others, via competitive auctions with the big London marketmakers.

At the 6pm calculation, overall turnover in London was a hefty 847.3m shares, with non-FTSE 100 stocks eventually accounting for just over 61 per cent of the total. Customer business on Monday was revealed as a dismal 9871.8m. one of the lowest daily figures for many months.

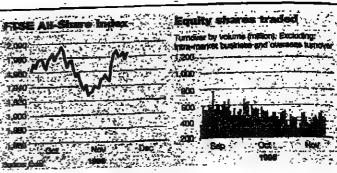
Senior marketmakers were generally bullish on the short to medium term outlook for London stocks. One said he expected Footsie to run on towards 4,200

currency factor.

He also pointed to the possibility of further bid activity although be noted that corporate financiers were constantly bemoaning the lack of real value for potential predators.

Others spoke of the probability of an acceleration of spending in the high street.

Asked about the possibility that London was close to the peak of the bull market, another pointed out that a common feeture of a mature bull market is a build up of stock market activity. "something that is distinctly including large amounts of Brit- and then take a breather, but he lacking in the UK at present."



indices and rati	03	٠			
FTSE 100	4061.5	+23.0	FT S0	2810.7	+4.6
	4427.6	+12.8	FTSE Non-Fins p/a	18.03	17.98
FTSE 250	2015.4	+10.2	FTSE100Fut Dec	4070.0	+17.0
FTSE 350			10 yr Gilt yisid	7.32	7.32
FTSE All-Share	1986.29	+9.4	10 yr Chir yield		1.96
FTSE All-Share yield	3.79	3.81	Long gitt/equity yid r	300 200	1,80
Best performing	sectors		Worst performit	ig sectoi	*
1 Benks: Retail		41.4	1 Engineering: Vehic	21 66	···· -32
O Makes		+1.2	2 Oli Exploration	000000 p 000 0 24100 = 1 h	0.5

Lucas under pressure

By Peter John and Joel Kibazo

Anglo-US automotive components group Lucas-Varity managed an astonish-ing transformation as it initially recorded the sharpest gains in the Footsie but then tumbled to end the day as the index's worst performer.

An early morning statement confirmed last week's market speculation that LucasVarity is to restructure the group and sell some of the businesses. That news sent the shares soaring and at the day's peak they showed a gain of 111/2 at

A conference call with analysts in the afternoon precipitated the sharp decline in the second half of the session. Analysts said a ries are gathering credence. statement on the restructuring was laced with what at expansion options partly amounted to a "velled profits warning" as the company pointed to weakness in the French market constrained diesel markets, slowness in heavy duty trucks and con-

cerns about currency. Dealers rushed to sell the stock and by the time the session ended, the shares had eased 16% to 234n, a fall street as well as strengthen of nearly 7 per cent. Turnover of 30m made it the most heavily traded Footsie stock

"I am afraid it's the old Lucas story about more jam

Several brokers indicated plans to downgrade profit expectations for the year to January 1998 by around £35m to the £385m mark. Few expect the stock to recover quickly from yesterday's decline and Mr Mustapha Omar at broker Collins Stewart, who recently reduced his profits estimate to £385m, said: "Given the trading conditions stated by the company, the shares are likely to consolidate at the lower levels."

The poor sentiment in Lucas Varity hit several other automotive-related stocks, GKN surrendered 26% to 1080%p, while Laird fell 6 to 405½p.

Tales of a mega-merger within the financial sector have bubbled under for some time but refuse to go away. As Abbey National, one of the UK's biggest mortgage lenders, and Prudential, the UK's largest life insurer, both hit new peaks, the sto-

The Pru has been looking because it needs to increas and diversify its channels of distribution. The easy choice would be to buy a mutually owned life assurance group. However, Mr Charles

Landa of SGST said that if it merged with Abbey National, it would gain a huge presence on the high its selling via independent financial advisers (Abbey owns Scottish Mutual). Abbey would also benefit One market specialist said: from the resulting synergy.

together of these two financial glants may seem ambi-tious and could well prompt culture clashes, Mr Peter Davis, the Pru's chief executive, has relevant experi-

ence. He presided over the

link-up of Reed International with the Dutch group Elsev-Abbey has risen on the back of its latest lending rate hike. Its shares have also been squeezed higher by pressure from institutional investors trying to get a reasonable weighting in the mortgage sector ahead of the Botation of the Hallface Both

companies were keen to dismiss the speculation yesterday. Abbey rose 6 to 715p with significant overseas buying also cited. Prudential gained 1% to 489%p.

Volume in UK equities received a substantial boost yesterday as the government

		Dec 2	Nov 29	Nov 25	Nov 27	Yr ago	"High	'Low
FT 30	2910.7	2806.1	2827.0	2824.2	2820.4	2651.1	2005.2	2668.8
Ord. div. yield	4.04	4,04	4.02	4,02	4.02	4.05	4.22	3.76
P/E ratio net	17.09	17.06	17.16	17.18	17.16	15.60	17.46	15.80
P/E ratio nii	16.95	16.90	17.00	17.01	17.00	15.72	17.30	15.71
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Opes	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16,06	High	Low
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SEAO b	argains.		34,5	19 30	,228	35,610	38,5	84	37,770	38,279
Equity to					712	972.5			1167.5	
Equity t					1,004	23,006			24,117	38,492
Shares I	tracted (मही		- 8	253.5	436.7	47	5.1	538.0	784.4

Dec 3 Dec 2 Nov 29 Nov 26 Nov 27 Yr ago 7-5gh 1037,00 1038,20 1038,00 1035,20 1036,40 - 1148,40

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And while the coming disposed of its last signifi- took on 7.7m Scottish Hydro cant holdings in the big util- and 6.6m National Grid.

However, ABN Amro The government raised Hoare Govett was awarded the market's gold star for taking on 3.5m Severa Trent shares and then promptly selling 2.5m of them back to the company to turn a 3p a share profit in the process BE was steady at 1474p, Scottish Power firmer at 341%p. Scottish Hydro firmer at 314p and National Grid steady at 190p. Severn Trent's buy-back lifted the

> Enterprise and Lasmo were decidedly soggy as investors took profits on strong reports that Saga of Norway had bought Santa

shares 8 to 668% p.

Fe Exploration for \$1.23bn. The figure was above the low and forecasts but not as much as some oil analysts had predicted. Also, the market was sceptical that the losers in the bidding war such as Conoco, Chevron and Arco were prepared to make compensating hostile bids elsewhere. Both Enterprise and Lasmo have outperformed the broad market strongly over the past few weeks. Most brokers were taking profits and Enterprise fell 5% to 587p while Lasmo eased to 218%p.

An upbeat statement about the second half following the release of steady interim operating profits cessing and fresh meat group Hazlewood Foods. The shares closed 5% ahead at

SGST reiterated its buy stance on the stock citing, "the extremely attractive yield and low p/e (price-earnings ratio) combined with underlying profits". Speculation that Associ-

ated British Foods could soon reduce its cash pile through the offer of a special was the talking point of the new unequieble for

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food manufacturing sector. It followed confirmation that the IIK group's 78 per cent owned George Weston Foods unit in Australia is to pay a special dividend. Shares in

trade of 2m. Bargain hunting and a feeling that Monday's slide in Racal Electronics, after it issued a profits warning, had been overdone, helped the formance in the FTSE 250.

They closed 11 ahead at 236p. Dorling Kindersley, the publisher of CD Roms and books, tumbled 81 to 437%p after issuing a currency-based profits warning.

Pearson, which has a CD for Rom arm in the US; fell 8/4

FUTURES AND OPTIONS R PTSE 100 MIDEX FUTURES (LIFFE) £25 per tul index poin Open Set; price Change High Low Est. voi. 4060.0 4070.0 +17.0 4069.0 4059.0 14884 4080.0 4070.0 +17.0 4083.0 4083.0 4082.0 4081.0 +17.5 4102.5 4082.0 4107.0 4110.0 +18.0 4107.0 4107.0 III FTSE 250 BIDEX RUTURES (LEFFE) \$10 per full index point Associated rose 61/2 to 452p in - 4441.0 +11.0 - 4491.0 +11.0 M FTSE 100 SNDEX OPTION (LIFTE) (4062) 210 per full index point

E BURO STYLE FTRE 100 BADEX OPTION (LIFFE) \$10 per full index point

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10 MINERAL EXTRACTION(33)	3696.56	40.9	3865.24	3895.41	3881.17	3142.49	3.86	1.71	20.00	142 73	1708.80	ı
12 Extractive Industries(6)	4229.21	+0.2	4221.67	4284,84	4226.07	4282.AB	3.84	2.86			1280.51	ı
15 Oil, Insegnated(3)	4024.13	+1.1	3979.50	4007.B3	3999.26	3162.74	3,83	1,55			1812.42	[
16 Oil Exploration & Prod(14)	2927.27	-0.5	2940,58	2949.84	2943.80	1984,26	1,80	1.72			1774.20	ı
20 GEN DEDAISTRIAL SEZTE	1970.96		1971.A7	1987.02	1988.85	1923.50	4.36	1.88	17 10	80 70	1100.30	Į
21 Building & Construction(34)	1158,91			1157.38				1.47			987.84	ł
22 Building Matts & Mercha(20)	1804.38	+0.5	1795.20	1796.82	1786.94	1772.88		1.40			931.08	ı
23 Chemicsis(25)	2350.21	****	2350.24	2361.77	2373.14	2355,29	439	1,44			1140.17	
24 Diversified Industrials(19)	1386,90	+0.3	1382.60	1396.87	1398.21	1725.42	7.34	1.61			800.23	ı
25 Electronic & Elect Equip(36)	2234.53			2278.53				1.48			1178,70	ı
26 Engineering(71)	2584.07			2597.89				2.30.	17.07	79.11	1596.92	1
27 Engineering, Vehicles(14)	3171,33			3313.39				1.72			1673.90	1
28 Paper, Poling & Printing 20)	2507.33			2513.01				1.82			1066.79	ł
29 Textiles & Apparel(19)	1079.32		_	1075.84	_			1.18	16.31	69.33	682,09	ı
30 CONSUMER GOODS(82)	3776.17			2161701				1.93	16.86	144,40	1427.04	1
32 Alcoholic Beverages(8)	2725.24			2719.64				1.70	15.76	126,04	1009.07	ı
33 Food Producers(25)	2865,29			2062.61				1.77			1229.56	Ł
84 Household Goods(16)	2805.00			2594.03				2.24			1050,94	j.
35 Health Cara(16) 37 Presmecauticate(14)	2017,83			2014.92				1.93			1245,13	1
36 TobaccoCt	5901.26 3948.00			5843.15				2.61			2004.59	ı
		_		3970.20	_			2.18	8,94	262,57	1015.68	1
40 SERVICES(252)	2618.00			2017.00			2.87	1.97			1385.80	[
41 Distributors(30)	2925.51			S\$17.37							1055.59	Ł
(2 Mariners & Homin(25)	3226.86 4268.83			8211.79				1.97			1754.80	1
44 Retailurs, Food(14)	2073.93			4295.31 2083.34				2.10			1563.10	Ĺ
45 Retailers, General/45i	2132.36			2141.47				2.25			1350.38	1
47 Brevenies, Pube & Rest.(21)	3254.50			3185.82				2.04			1245.05	П
48 Support Services(SQ)	2722.50			2709.44				222			1748.24	П
49 Transport(23)	2614,93			2619.10				1,21	28.D1	23.4F	1115.92	1
60 UTILITIES CIST	2474.53			2471.94				1.70				1
62 Electricity(12)	2885.10			2576.58				2.17			1112.00 1457.08	L
64 Gas Distribution(2)	1467.75	-0.2	1470.05	1470.95	1467.75	1583.88	8.16	0.54			803,11	L
66 Telecommunications(5)	2062.99	+0.5	2053.35	2083.14	2085.86	2011.26		1.51	20.54	59.10	961.86	П
GB Weter(11)	2301,85			2261.81			6.46	2.30			1309.13	ı
89 NON-FRANCIALS(885)	2065.87			2070.21				1,81			1606.39	l
70 FEMANCIALS(504)	3436.86	+1.0	3401.74	3395.97	3374.86	2929.18	3.86	2.36		_	1514.72	ì
71 Banks, Retai(8)	4955.20			4873,24				2.70			1856.54	ı
77 Banks, Marchants	3940.34	+0.2	3933,12	3932.54	3845.04	3818.75	2.64	3.01			1270.17	1
73 Insurance(21)	1599.13	+1.0	1582.81	1509.43	1803,88	1459.00	5.25	2.29			1238.86	L
74 Lile Assurance(7)	4005.19	+0.3	3994.24	3981.83	3954.39	3447,11	3.88	1.78			1702.86	1
77 Other Phendia(20)	2787.37			2782.62			3.99	1.77			1825.02	1
79 Property/62	1719.21			1704.49			3.74	1.27			1081.18	1
80 INVESTMENT TRUSTS(128)	3164,01			3161.98						_		
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on Tuesday, January 7

To be published in the FT on Tuesday 7th January 1997 this report will provide analysts, the professional investment community, and captains of industry around the world with the FT's view of the developments and key dates which will be important for the main industrial sectors in 1997.

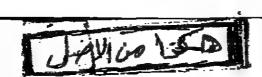
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FT Surveys



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Dow falls on Climb in dollar boosts individual stocks profit-taking

as techs rise

Soaring technology shares led the broader markets higher in morning trading but profit-taking sent the major indices into negative territory by early afternoon, writes Lisa Bransten in New

At 1 pm, the Dow Jones Industrial Average was off 15.28 at 6.506.42. in spite of a \$2% gain in IBM which brought the shares to \$165%. Shares drew some support from gains on the bond market that sent the yield on the benchmark 30-year Treasury down to 6,322 per cent at

The Standard & Poor's 500. which had been on course to



set a new record high, slipped 1.66 at 755.00, while American Stock Exchange composite rose 0,50 at 593.43. Volume on the NYSE was beavy, coming to 294m shares.

The Nasdaq composite, which is weighted toward the technology sector, was trading at a record high with a gain of 11.45 at 1,311.27. Microsoft. Intel and Oracle, three of the four biggest companies on the Nasdaq were stronger - Microsoft in spite of a fall in third

\$15 stronger at \$1285 and Oracle gained \$1% at \$50% but some of the biggest rises came amone smaller Nasdao

Spyglass, the Internet browser company, added \$3% at \$16% and Hutchinson Technologies, which makes parts for computer disk drives, soared \$15% or 29 per cent to \$67% after announcing that it expected first quarter earnings to beat analysts' projections.

Silicon Graphics jumped \$3% or 17 per cent to \$23% after Goldman Sachs raised its rating on the company. Elsewhere, the big three

carmakers all posted gains yesterday, General Motors, which is a component of the Dow, added \$11/4 at \$59, Ford was \$1 stronger at \$33% and Chrysler climbed \$% to \$36%. Summit Technology,

which makes lasers that can correct vision problems, climbed \$2% or 33 per cent to 28% after the Food and Drug Administration agreed to allow the company to expand clinical trials of a new laser system,

TORONTO had a mixed morning session in dull volume, gleaning little comfort from the solid start on Wall Street. At noon, the 300 composite index was up 4.39 at 5.989.36.

Golds were the main culprit with the golds sub-sec-tor sliding almost 2 per cent on the back of a weak bullion price. Barrick Gold fell C\$1.15 to C\$38.40.

Alcan Aluminium was off 80 cents at C\$47.50 and Cansdian Pacific 5 cents at C\$37.65, Royal Bank of Canada stayed on the upside, adding 35 cents to C\$49,35. Inco dipped 25 cents to C\$47.05 but Moore Corporation added 4 cents to C\$28.90. Chateau Stores held at C\$7 added \$% at \$158%, Intel was quarter earnings.

Mexico shrugs off fears

MEXICO CITY deftly in;" said one broker. At side-stepped worries about midession, the Merval index political fall-out, Monday's news of a cabinet shake-up had been expected to unsettle sentiment but, in the event, share prices continued to motor an ad. At midsession, the IPC index was per cent on speculation heavy selling by domestic Securities was down Y25 at up 1.4 per cent at 3,857.4, a about Brazil's new telecoms

gain of 46.4. BUENOS AIRES also gained ground rapidly, "It's a flesta mood. Having session the IBC index was pushed through the 620 42.19 lower at 6,122.55, resistance level, it looks as if extending the modest losses an end of year rally could set suffered on Monday.

was 10.89 higher at 639.51. In SAO PAULO the Bovespa index was 774 higher at 68,130 at midsession, helped by a steep rise for Telebras regulations.

CARACAS stood out against the uptrend. At mid-

S African industrials end flat

FT/S&P ACTUARIES WORLD INDICES

..194.51

..612.27

__1105,33

.413.13

158.26

Late futures-driven buying dipping below 4.65 to the allowed industrial shares in dollar at one stage. But sen-Johannesburg to close little changed and golds had the day. another poor day, courtesy

of the duli bullion price, The overall index ended off 0.2 at 6,689.5, thanks to a late raily for industrials which ended down just 1.1 at 7.991.7. The golds index fell more than 2 per cent, declining 31 to 1,492.4.

Industrial stocks streamed session, depressed by the news from the currency markets which had the rand

PEGKONAL MARKETS

Australia (78)

Canada (116). Danmark (30).

Françe (93) Hong Kong (58)

Spaln (37) ..

Theitend (45).

timent spun round late in

Brokers said a wave of futures-driven short covering stopped the downturn in its on the stock's recent its tracks. South African gains.

Breweries ended R1 off at Some electricals and high-R116 and Sappi, hit by disappointing results, fell R1 to R41. But Absa gained 50 cents to R24.75 and Sasoi added 75 cents to R57.50.

Among golds, Kloof dropped R1.25 to R36.10 while Dries came off R2.56

0.5 197.57 161.55 180.11 0.8 163.89 123,94 (40.55 -0.2 198.77 162.44 181.11 1.0 168.66 130.74 145.77

0.3 197.87 161.35 182.11 182.53 U.S. 193.89 133,94 140.35 148.25 -0.2 198.77 162.44 181.11 177.24 1.0 169.86 130.74 145.77 345.55 -0.9 171.01 138.75 165.85 190.33 -0.2 297.85 243.25 271.20 271.88

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113.20

The World Index (2454)......227.48 -0.3 200.19 163.60 182.41 196.34 -0.3 2.03 226.23 201.36 164.17 182.36 198.91 226.87 187.91 197.91 Copyright, FISE interrectional United. Softman, Sector and Co. and Standard & Poor's. 1995. All rights reserved. "FT/S&P Actuated" in a last trademark of the Reserved Times Limited and Standard & Poor's.

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-1.4 211.82 179.05 192.82

297.95 243,23 271.20 271.86 0.1 1.70 209.21 170.97 190.82 230.72 1.1 2.18 189.86 152.71 170.26 174.33 0.2 2.60 165.24 135.04 160.56 169.56 0.5 1.81 450.83 366.44 410.76 508.53 0.8 3.05 193.64 158.26 178.43 316.52 0.0 1.63 282.66 230.92 257.45 268.62 -0.1 1.40 72.16 50.00 65.76 22.86 -0.4 2.23

EUROPE Accelerated gains in the dollar and rising bonds both lifted equity markets, and all-time highs became aimost a matter of course; but it was the effect of currency movements on exporters and other dollar earners which consistently drove individual

5 per cent or more in leading DM564.70 after a four-day fall were noticeably limp after exporters like BASF, Baver and BMW, up by DM2,88 at DM60.88, DM3.18 at DM65.55, and DM59.30 at DM1,075.90

The Dax index closed

47,30, or 1.7 per cent higher at an Ibis-indicated, all time high of 2,900,78. Ms Barbara Altmann at B Metzler noted that it was less than a month since the Dax had broken through 2.700, an oftquoted 1996 target, and just breached the 2,800 level. That, she said, had pushed traders into covering short term positions, and institutional investors into buying equities at the expense of bonds, where yields were

DM9.2bn to DM11.3bn, led by Volkswagen which, still depressed by its legal battle

with General Motors of the . French financials were

Open 10.20 11.00 12.00 -13.00 14.00 18.00 Cont FISE Euroteck 100 1889.86 1884.28 1884.28 1895.46 1897.70 1886.85 1882.78 1885.48 FISE Euroteck 200 1898.00 1898.10 1898.87 1891.51 1842.80 1841.55 1839.19 1940.45 1867.70 1860.81 1845.94 1855.19 1820.27 1807.36 1800.73 1815.08 - Proc. (1920) (2011) (2011) | Harris | Harris | 1930 - 1930) | Le C FRS (November) | Lighted | 1955 | Harris | Harris |

their recent strong run, but

the banks had a solid day.

BNP added PPr2.50 to

FFr209.50 while Bancaire,

buoyed by rumours that its

parent, Parihas, was about to

put the bank up for sale, gained FPr25 to FFr633, Pari-

has not on FF16.20 to FF1987,

Oil stocks made up ground, as did Michelin, up FF17.80 at FF1279.20, Total

gained FFr4.20 to FFr428.80

and Elf-Aquitaine FFr4.70 to

In retailing, Groupe Andre advanced FFr15.50 to

FFr411.90 on rumours of a

possible alliance with Pin-

ault-Printemps. The latter fell PFri5 to FFr2.065, as

Carrefour gained FFY125 to

AMSTERDAM kept in st

with the upward trend

across Europe to push the

AEX index up by 9,13 to a

FFr3,355.

VRANKFURT saw gains of US, rose just DM1.70 to mixed. Insurance shares of DM47.

> Other automotive stocks did well, with Continental and Daimler up 3,4 and 3,5 per cent respectively; but Porsche prefs were quiet, DM10 higher at DM1,200, after a 20 per cent gain in 12 days to November 26 and a quiet approach yesterday to

PARIS drove up to within a whisker of best ever levels, fore closing 30,48 shead at 2,349.11 on the CAC 40. This was 11,87 points short of the 1994 all-time high. Dollar beneficiaries led the

market higher, notably LVMH which climbed by FFr59 or more than 4 per cent to FFr1,394. The group was also lifted by renew talk that it was about to sell its 20 per cent stake in Guin-

Borniny SD Simp.

extended their recent mild

uptrend, Sankyo rising Y20

to Y3,120 and Dainippon

Pharmaceuticals Y10 to

Y1,160. Takeda Chemical

Industries, however, dipped Y10 to Y2,260 after hitting a

new high earlier in the day

Banks mostly retreated,

and Japan's Big Four securities houses tumbled to new

plans for the break-up of the

Nippon Broadcasting Sys-

place due to more relaxed

listing criteria. The IPO

price was Y3,750, but the

stock failed to establish an

sells; yesterday, it ended at

of Y7,550.

| | Dollar | Starting | Tell | Indian |

115.54 107.30 20.12 22.33 114.63 192.85 112.17 126.95 273.93 241.66 197.95 216.90 241.88 273.93 222.43 126.42 307.79 271.53 221.41 248.86 307.79 307.82 F45.34 248.27

281.50 248.36 202.50 224.95 226.57 281.50 222.83 226.53

234.45 206.85 188.85 187.35 200.57 234.56 194.31 186.02 353.26 311.88 254.16 282.30 307.39 355.21 201.12 384.60 157.76 139.18 113.48 128.07 114.34 177.01 153.98 159.68

-0.6 2.11 189.61 167.29 135.39 151.52 148.55 191.51 174.72 174.72 174.54 177.01 153.06 159.65 167.29 135.39 151.52 148.55 191.51 174.72

Y8,380 after an initial price

in Osaka, the OSE average

shed 199.04 to 20.942.26 in

volume of 42.3m shares.

telecommunications giant.

lows for the v

Petroleum, underpinned lately by bumper oil prices. gained F1 8.70 to F1 294.50 and Philips put on F1 1.90 to F1 70.80. Financials, buoyed by bonds and hopes for lower

Dutch interest rates should Germany move lower, stayed in demand, ABN Amro ross FI 1.90 to FI 113.50 and Aegon F1 1.20 to F1 97.50. Portis Amov ended Fl 1.40 better at John agencies had a bad day. A press report pointing

The strength of the dollar

allowed internationals to

race ahead. Royal Dutch

to employment reforms hit Randstad and Content Beheer, which came off FI 6.80 to FI 125.20 and 50 cents to Pl 46 respectively. Utilities, and other defen-sive stocks were mixed. In ZURICH, disappointment over the form of the restructnring in the Swiss energy industry continued in Motor Columbus, which fell

all time high, 50.1 better at MADRID's electricity utilities continued to be a prime feature in the bourse's climb into new ground, Iberdrola

another 1.6 per cent to

recovered SFrs to SFr494.

The SMI index set another

Dollar makeni

as the general index rose 5.70 to 411.42.

Expectations of Spain's entry into EMU, and an influx of funds from the debt market were underpinning the broad market rise, said

STOCKHOLM leant upon a 4.1 per cant gain in forestry stocks as the Affirsvärlden General index reached a new high, 36.0 or 1.6 per cent better at 2,250,4. However, analysis at a number of houses found the forestries bounce fragile. Goldman Sachs saying that the industry environment did not indicate a

HELSINKI and BRUSSELS peaked in spite of individual disappointments, the Hex index rising 31.34 to 651.57 and the Bel-20 by 8,81 to 1,896,55. A profit warning mobile phones maker, left it FM9.50 or more than 10 per cent lower at FM82; and Du Pont's development of a fibre replacement for steel tyre cord dropped Bekaert by BFr1,325 to BFr23,825, noted Mr Sebastian Scomey at Dilion Read.

New highs were also reported in COPENHAGEN and OSLO, the latter as mutual funds continued to plough money into the manket before the year end; in ISTANBUL, for the seventh consecutive session, and in RYDAPEST

MILAN threw off worries about political tension and talk of a mini budget. The Comit index gained 1.54 to 157,91 and the real-time Mib-tel index closed 97 higher at 10.545.

ENI rose L24 to L7.970 and Pirelli improved L40 to 1.2.850. Olivetti was a rare faller, dipping L2.30 to L528 after Mediaset described as "alim" the chances of a full bid from the TV group.

Written and edited by William

Short selling curbs help Bombay to 3-year low

Unsettled by recent curbs on

short-selling, BOMBAY fell steeply for the second day in sion. At the close, the BSE index was off 55.43 at 2,796.0 for a two-session decline of more than 3 per cent, sliding to its lowest level for three years.

A number of disappointing results also kept the pressure on the downside. Traders said they had seen aggressive selling from both local funds and foreign insti-

TOKYO fell for the fifth consecutive trading day, following the release of thirdquarter gross domestic product figures which led to uncertainty about Japan's economic recovery, writes Green Robinson.

The Nikkei 225 average shed 44.13 to 20.630.56 after moving between 20,478.74 and 20,762.53. Some blue chips, including electricals and pharmaceuticals, gained ground but about 300 issues which surged more than 2 sank to new 1996 lows as institutions in the afternoon offset foreign buying.

Volume rose from 224m shares on Monday to an estimated 269m. Declines led both marking new 1996 lows advances by 733 to 304, with on pereistent fears about the 208 unchanged. The Topix overall health of the finan-index of all first-section cial sector. stocks fell 6.55 to 1.535.64. and the capital-weighted Nikkei 300 lost 1.11 at 290.14. In London, the ISE/Nikkei

1445.00L Domestic investors were discouraged by the decline tem built on a dazzling Monin Honda, a recent market day debut on the TSE's secleader, which fell Y70 to ond section, where the Y3,220 as investors took prof- majority of listings take

50 index added 1.13 to

technology stocks were also among major losers. TDK inaugural day quotation as declined Y150 to Y7,110, buy orders overwhelmed Hitachi Y10 to Y1,040 and Pujitsu Y10 to Y1,040.

Among those to resist selling pressure, Canon added Y20 to Y2,360 and Fuji Photo Film rose Y60 to Y3,580.

MONDAY DECEMBER 2 1866

Local Local Gross US Pound

Local Local Gross US Pound

Local Local Gross US Pound

Local Commerce 96 the Div. Dotter Starting Yen DM Commerce 62 week 82 week ago Index Index

The FT/SEP Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are complied by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWest Securities Ltd., were a co-founder of the Indices.

0.2 1.0 -0.6 0.1 3.78 1.77 1.80 1.70

4.17

0.78 1.07 1.07

0,61

3.03

182.63 -0.1 149.25 0.5

extended the speculative pat-tern established in the secand half of last month. SHENZHEN Be took their gains since November 14 to 36 per cent, with a rise of 7,42 or 4.7 per cent to 165.10 in turnover up from

HK\$565.5m to HK\$659.4m. B shares have surged in recent weeks on speculation the Chinese authorities are planning market support SHANGHAI, meanwhile,

made an attempt to catch up with its neighbour. Its B share index closed 6.525 or 11.63 per cent better at a three-year high of \$2.699. Brokers were divided on immediate prospects, some seeing a bright abort term

outlook and others forecasting an imminent technical

correction after a gain of Hub Power 0.80 to PRs35.85. nearly 40 per cent since November 11.

HONG KONG, too, put some money into mainland stocks. The H share index of China-incorporated companies rose 2,8 per cent to 834,81 in reflection of bullish sentiment in Shanghai and

Domestically, investors were more defensive, with the Hang Seng index losing 61.80 to 13,456.28, However turnover stayed vigorous at HK\$7,51bn, up from HK87.28hn.

KARACHI recovered all of Monday's setback following a government package simed at stock market stability. The 100-shares index rose 22.28 or 1.52 per cent to 1.484.82. ICI Pakistan rose 2.20 per cent to PR#22.70 and

Adamjee Insurance surged PRe7.25 to PRe102 on positive tax news for the sector. BANGKOK continued to move lower, unsettled by political developments and

news of rising inflation. The SET index fell 1.6 per cent to 905.81, a decline of 14.82, Volume, at Bt4,07hn, was again Worries about economic nanagement were said to be the key factor driving the selling. "November inflation

accelerated to 4.8 per cent from 4.8 per cent in October, but the market's real concern centres on the latest political appointments," said one broker. Krung That Bank was the

most active stock, falling Bi2 shed Btl to Bt88. Telecom-

of hine among a sea of red, adding Bt0.50 to Bt53.50. WELLINGTON closed higher amid selective buy-ing. The 40 capital index

gained 11,02 to 2,378,91. "With interest rates retreating, investors are being fairly stock specific," a broker said. NZ Telecom eased 1 cent to NZ\$7.44. Carter Holt Harvey gained 4 cents to NZS1.01

DHAKA, so recently a boomtown, saw investors running scared and the DSE index down another 135,6 or 4,6 per cent at 2,786,1 in turnover of Tk41.7m.

The key index took its mid-November high of 8,627. Prior to that, however, to Bt68 and Finance One equity values had trebled in just two months.

ir. Yamaichi Y565 and Nomura by Y30 at Y1,850, Industrial Bank of Japan fell Y50 to Y2,180 and Fuji Bank Y20 to Y1,960, SUMMARY OF RESULTS NTT, gained Y10,000 to Audited Unsudied Y819,000 on a favourable 12 months 12 months to 30.9.96 to 30.9.86 response to Monday's reports of the finalisation of

\$3 765en \$3 676m Operating Income \$301m \$625m Net income \$100m \$376m 57 US cents 235 Earnings per share Dividends per share 140 SA cents N/A

零 sappi limited . EXTREMELY POOR TRADING CONDITIONS

. MAJOR PLANT UPPATING PROGRAMME COMPLETED OUTLOOK BETTER

In contrast to the preceding financial period all the markets in which the group operates deservorated during the year, with volumes and selfing prices of our main products thropping shurply as curiographic reclaims (inventories, it was necessary for the group to take periods of commencial downline during the year in an endeavour to avoid building up assessive stocks. The group's tracing results were nerverely affected.

Strow Left the markets have shown a significant improvement in demand but only a moderate upward more in selling prices. In Europe to particular prices have been nietry along the provement, presented and the provement are lost the prices.

R is a u.t. T &

Consolidated biggover for the year was
\$ 766 infillion compared with \$\$ 576 million for
the preceding 12 month period which included
only nine sportite of Warran. Costs were general
well comboded throughout the group but the triple
of felling selling prices and production downtime
teasized in operating income for the year leating
to \$501 million compared to \$605 million for the
encoding 12 month period. proceeding 12 month period.

As previously reported, profits were also negativel affected by the cost of forward cover taken during the year on about one third of the group's Bouther Airts season, prior to the detectoration of pricise and the colleges of the Rend. This has now been provided for in full.

Indepent notes were fairly stable in most financial sparkets. Plustos costs of \$238 million absorbed a large ellos of group operating income, interest capitalised amounted to \$56 million and release to the holding costs of losests and the precurrentesioning period for major capital projects in South Africa.

Projects in cover name.

If all the convertible noise issued by the consumity in July 1995 were converted into electes, the sensings per alone for the year would be 65 US cents per alone due to July low level of earnings.

Acquisition of Minority

The company has agreed to acquire the minority common equity interests in Warran hald by PLJ Merchant Burking Pariners, LP, and certain of its affiliate and URS Capital Corporation, subject to sertain currency conditions. Jointy this represents an approximate 22% share of the total quantum stack (on a fully distant basis). Under the terms of the agreement Sepol has agreed to purchase the interests at a price of \$158 million, equal to \$17.25 per share of common stock before 27 May 1997. Sepol has the option to pay in Sepol shares or (in Whole or in part) in cash. If the share routs to extend the purities will arrange a simultaneous vendor placement of the Sepol shares for cash,

The transaction will not have a material effect on the not seed value per share of Suppl. Had the teams action per share of Suppl. Had the teams action peer consummated at the beginning of the year at today's share price the aemings would have been 200 comits per chure. The acquisition fits Supple long term strategy and it is not expected to have a meta-fail impact on the

Following this acquisition Sappi will own over 17% of the common squity of Warren (on a fully disease busie) and has agreed to use researable efforts to

soquire the remaining common work within 120 days following the closing of the above

We expect 1997 to be a positive year for the world was aspect too's to be a pointer year to the too decrease; and this should have a generally position a slow improvement in the prices of most of our products from the low bess currently prevailing. However new costed paper capacity achequical Europe, for the end of 1987, could be claruptee

With the completion of our capital sepandibles incommon in Bouth Africa, all the mile are now beginning to settle down after the start up of the hew units which will have lower costs and produce better products. Sappl is thentone very well equipped to benefit from any upturn in the market. The adverse effect of the decision to cover one third of the group's Southern African export sales before the colleges of prices is now behind up and we will benefit subsectionly from the weaker Rand in the

Emmings for the next financial year are therefore

CAPITALISATION SHARE AWARD APPROUNCEMENT

The board has renoved that a capitalisation when award of ordinary shares be tracte to the ordinary sharesholders of the company registered as such at the close of business on Fricary, 10 January 1997. Eligible ordinary sharesholders will be entitled, in mappet of all or part of a shareholding, to elect to decline the capitalisation share award and instead it moving a cash children't of 70 BA cents per ordinary shares in respect of the year ended SO September receive the capemegnon enter events and instead in mostly a cash delident of 70 BA cents per codings vitres, in respect of the year ended 30 September 1986, to be declared only on those ordinary shares in respect of which capitalisation award charas are not allelted and leased "the election". Shareholder who do not make the election will automatically receive the award of capitalisation starce. In the award of shareholders election to declare the eholders electing to decline the on share award, the dividend of 70 GA cents

Dividends payable from the London transfer office will be paid in British pounds starting or in the case of phareholders resident in the USA, in US dollars. at the respective rates of exchange ruling or

An amouncement will be made by no later than 6 January 1997 giving the full terms of the oughestson above award and other pertinent

Sappi Limited tion number 05/06963/06

Per D J O'Gonnor

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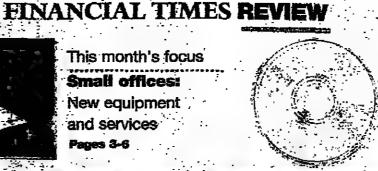
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This month's focus Small offices: New equipment and services



Directions New media: Benefits of digital video discs

Singapore: The Intelligent Island Pages 10-12

Information Technology

Wednesday **December 4** 1996

ike a tidal wave washing over the world, the Interet and inter-networking has transformed the outlook for the information technology industry, and the packaged software vendors who have come to dominate it over the past

Eighteen months ago, Microsoft, the world's largest software company, looked like it had missed the Internet wave as upstarts such as Netscape Communications. NetManage and Yahoo! grabbed the limelight and investors' dollars - in a series of spectacular technology

But since then, Bill Gates, Microsoft's chairman and chief executive, has proved once again that he is the consummate competitor, transforming his company's prospects through an Internet strategy that he called 'embrace and extend' which has put internet technology at the core of all Microsoft's products. As Gates noted during his

Comdex keynote speech in Las Vegas a few weeks ago: "The internet is like a gold rush, the amount of excitement, the number of new companies - it is really unbelievable. Now, fortunately, this is a gold rush where there really is gold.

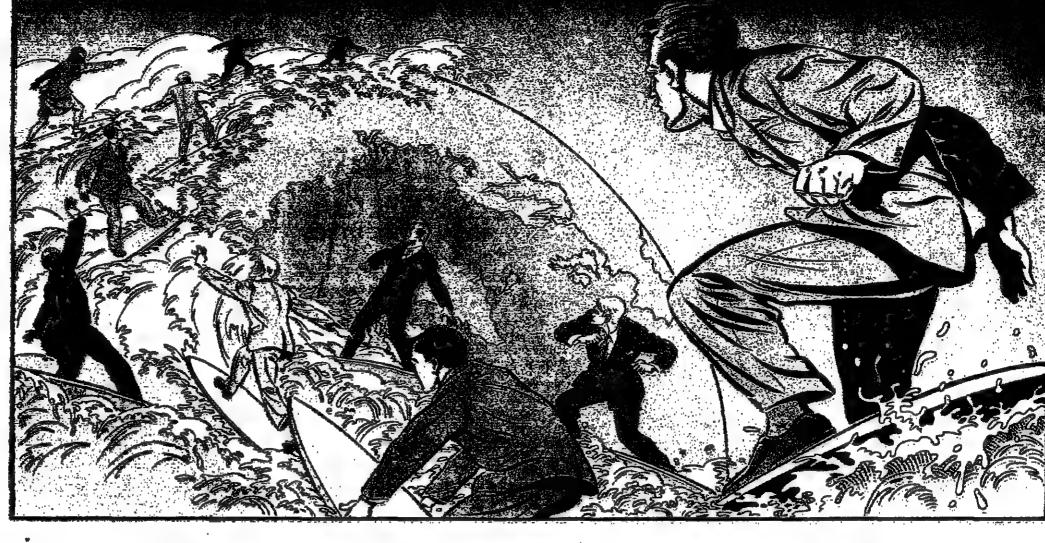
Deep impact

"It may be buried a little deeper than some people think, but the drops in the price of communications, and the fact that PCs everywhere will eventually have very high speed data rates allowing them to work together, really will have a fundamental impact," said Gates. "In fact, it will mean that our industry will be changing the way people do business, the way they learn and even the way they entertain themselves, far more than I think people outside our industry

in its attempts to outflank competitors, Microsoft is drawing upon its vast resources to help leapfrog its competitors. For example, in a recent filing with the US Securities and Exchange Commission the Redmont, Washingion-based group disclosed that, "Microsoft is betting that over the next decade, Internet use will grow dramatically. Next year, (fiscal 1997), research and development spending, broadly defined, will grow to more than \$2bn, at a growth rate foster than

As the Yanker Group research firm noted recently, Microsoft's revenues are likely to grow by about 18 per cent to around \$10.2bn next year. "It looks like Netscape, with projected revenues of \$460m in fiscal 1997, had better spend its R&D money

Indeed, the latest version of Microsoft's Internet browser software, Internet Explorer 3.0, is reckoned to be on a par with Netscape's own offering and, helped by an aggressive marketing programme, has been widely adopted by internet service providers including commercial online services and four of the largest service providers in the



Suppliers surf the Internet wave

Software companies are in a desperate race to win greater shares in the enterprise-wide computing market, reports Paul Taylor

Perhaps even more importantly, a revitalised Microsoft has repositioned its desktop operating systems, office applications software and back-office suits to take advantage of the shift to Internet technologies and the transformation of corporate local and wide-area networks into so called 'intranets'. The prize at stake is to become the key supplier of a new generation of 'enterprise software' to corporate

customers around the globe. We believe a compelling battle is shaping up in the enterprise space as Microsoft must prepare to slug it out with Oracle, IBM and Hewlett-Packard in order to schieve what we believe is the ultimate objective, dominance in the lucrative enterprise computer space" says Marshall Senk, an analyst with US-stockbrokers Robertson, Stephens & Company

in a recent note. Indeed, Microsoft's resurgence, reflected in both the buoyant tone of Mr Gates recent speeches as well as the company's share price, and has come despite the challenge of companies such as

Oracle, the second largest software company, and Sun Microsystems, the leading Internet

server vendor. Both Oracle's Larry Ellison and Scott McNealy of Sun have been eulogising about the purported cost and other advantages of platform-independent Network Computers and the Java programming language. For all three companies, the next six months could be decisive in their battle for the corporate desktop.

At a crossroads

For one thing Java, which was developed by Sun, is at a crossroads and most analysts believe its longer-term success or failure will be determined in the next six months. As the commentators on the Ziff Davis web site note: "If you want to know its fate in advance, watch the top 10 software companies. Almost all of them are choosing right now

between Java and Microsoft's "Once they decide, the rest of

the industry will follow. At stake

Microsoft-dominated world, or whether new leaders emerge.'

Similarly, for Larry Ellison of Oracle, promoting the low-cost outside corporate IT departnetwork computer (NC) has become a personal crusade. But it now seems probable that sales of NCs or 'thin clients' will be slower and less substantial than he and many of the original promoters suggested.

Instead of a battle, PCs, NetPcs (a 'compromise' standard proposed by both Microsoft and Intel) and NCs are likely to co-exist as part of a much larger family of intelligent digital devices, each adapted for a specific environment and linked together by

wired and wireless networks. But while such an outcome might be seen by some as a personal setback for the most vociferous advocates of NC computing, the debate has already had several important repercussions. First, it has beloed establish the issue of 'total cost of ownership' of corporate computer systems as a key item on the IT

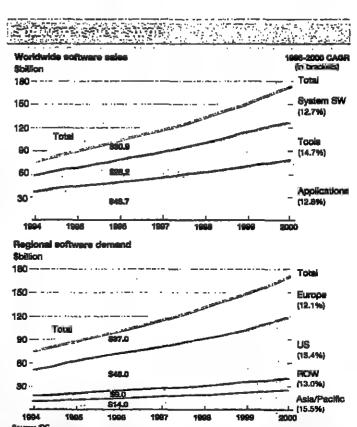
agenda. Second, it has helped

is whether we continue in a broaden boardroom awareness of companies such as Oracle - historically, a relational database vendor which was little known

> In the forthcoming battle for next generation of enterprise IT be decided in the boardroom than the IT department - brand name, corporate image and awareness could prove as important as the underlying technology.

The leaders of the global \$108bn software industry - such as Microsoft. Oracle and Computer Associates, the third largest software vendor - clearly recognise this fact. Not only do they invest heavily on research and development, they also spend huge amounts on marketing and customer-relations including large scale user-conferences and exhibitions such as Computer Associates' "CA World" event held in New Orleans a few months ago, which was attended by thousands of business

Continued on next page



Leader or Loser?

How will your business match up to the year 2000 date change challenge?

Industry (CBI) and the Computing Services and Software Association (CSSA)

"The sheer nature of the problem means it is not just another technical issue. Its size makes it a management issue... and because it is a management issue, it requires top level management time on it."

Adair Turner, Director General, CBI

"All SB business units will establish plans to ensure their internal systems will be Year 2000 compliant by 31 December 1998. This is mandatory and should take precedence over all other systems work"

Jan Leschly, Chief Executive, SmithKline Beecham

Chris Earnshaw, Managing Director, BT Networks and Systems

"By leveraging a public increasingly informed about the potential for chaos and risk when the year 2000 rings in, compliant businesses will... challenge competitors to match them. Compliant companies will be the new leaders in their respective industries."

"The changes should be seen primarily as a managerial challenge not something simply requiring a technical solution. Those companies that put in place the top leadership and commitment to a formal programme today will be the ones that come through unscathed in 2000."

Leading organisations (and increasingly, their customers) understand that the date change challenge is massive - and above all, that it is a business not an IT matter. Time is short and the last chance to decide is imminent: will your organisation be a leader or a loser? Failure to act now could be the ultimate fallure of your business. For information and support regarding senior management awareness contact Robin Guenier, Executive Director of Taskforce 2000 - call 0171 562 7650Taskforce 2000 is a not-for-profit company dedicated to ensuring UK companies and their business systems will be ready and able to deal with the Year 2000 date change. It is a joint initiative of the Department of Trade and Industry (DTI), Confederation of British

taskforce

THE RILLENNIUM

Interview with Gordon Eubanks of Symantec - By Paul Taylor

Beware the seduction of technology

'IT companies pre-occupied with anti-Microsoft strategies are in danger of failing to meet customer needs'

says he has successfully steered his company through the turmoil of the PC industry over the past decade by focusing on one simple tomer needs.

desktop computers and communication among mobile workers." he says.

He is critical of other ship." industry leaders, including promoting the so-called network computer (NC) or thin clients, who have allowed themselves to become "seduced" by technology for technology's sake or side-tracked by personal vendettas' and political

"I think anytime something is created out of a than our cost of ownership desire to compete with a applications, but as you competitor, rather than to satisfy fundamental customer needs, it becomes problematic. To get momentum, you must meet customer needs," he says.

"Successful companies focus their energies on customers and understanding the needs of customers over a long period of time. Companies that get preoccupied with focusing on Microsoft and develop anti-Microsoft strategies, are in danger of really failing to meet customer needs in the long-term," he adds.

Nevertheless, he acknowledges that the network PC

ordon Eubanks, chief debate has helped focus executive of Syman- attention on some important tec, the US personal issues. "Cost-of-ownership is computer software group, a real customer-issue." he says, "but you can run current desktop computers in a way to obtain the same objective.

"The real issue isn't that: objective: satisfying cus- you don't have a hard disk on network computers - the "The primary focus of more important issue is that Symantec is in two areas, the machine is remotely protecting and maintaining manageable and remotely supportable: these are the kind of issues that really lead to low cost of owner-

He also believes the new emphasis on cost of ownership should be good for sales of Symantec's anti-virus. data protection and Java application development products: "Overall, we are about protecting data and saving money. If you are in a small business, the protection is much more important move to a larger group, cost of ownership becomes more important.

Symantec has been quick to seize upon the opportuni-ties presented by the Internet. For example, Symantec supplies Cafe, one of the leading Java development tools. Eubanks says Symantec has focused on Java because in large and medium businesses, Java can improve the manageability and the cost of internally developed applications.

He is, however, characteristicly cautious about the Internet's prospects as a software delivery channel - "it



will be used as a [delivery] channel, but I see it much more as a channel delivering content than as a channel for delivering the equivalent of packaged goods software because we don't have the bandwidth now to download really large applications," he

Nevertheless, he does think the Internet can play an important role in delivering software 'bug fixes' and maintenance. Earlier this year, Symantec introduced a concept called 'live update'

aimed particularly at home and small business users who do not have the luxury of large corporate IT departments ready to help fix problems and search out software undates and natches.

"It may come as a surprise

to people like us in the software industry, but customers actually expect software to work," says Eubanks. What they do not expect is to find that the software package they have just

bought is not the latest ver-

work properly. Symantec's recently shipped products all include the 'live update' technology. connected."

You take the product home and you install it, push the button and it tracks down any patches or fixes that are needed," says Eubanks who believes the technology gives antec a crucial competi-

On anti-virus issues, he says, "there is a lot of emotion in this business with leading competitors comparing each other and yelling and screaming, claiming they have the best products. The truth is that we

think our detection rate is as good as anyone else's, but most times the leading products find virtually all the viruses that are 'in-the-wild'. The problem isn't that you can find all the viruses, the problem is that customers need to get updated because there are new in-the-wild

viruses all the time. "Most people are probably aware of anti-virus software, many of them have it, those who don't should get it. Most of them, however, are not protected and they don't understand that. They aren't protected because they are not getting updates every two weeks.

However, by using 'live update' on a regular basis Eubanks believes it is possible to deliver the latest on us 'antidotes' to home and small business customers in a timely and cost-effective

"This is an example of the Internet really providing value to customers." he says. because without the Internet and without the tremendous momentum towards

couldn't provide this service because enough people wouldn't have modems or be

Symantec also sees the trend towards mobile computing as a big opportunity. on a plane in a car and standing in the airport." says Eubanks.

In addition, Symantec, which acquired Delrina, the communications software specialist in 1995, also sells faxing and remote access

should they be?

contact manager software. With Microsoft's new ver-

sion of its Office software

suite adding extensive PIM

(personal information man-

agement) capabilities.

Eubanks says Symantec will,

"move to be much more spe-

cialised in serving the

mobile professional, proba-

bly the sales professional who really needs to manage

contacts and sales relation-

The Symantec chairman is

philosophical about the

steady encroachment of

operating systems and main-

stream applications into the

tools and utilities area - "we

the people who go head to

head with Microsoft get

that drives us to be innova-

tive and come up with new

We do get squeezed, but

annihilated." he says.

are getting squeezed while

'Computer-users are not

generally interested in how a

computer works - and why

tition everywhere for us. What we try to do is to add value for customers and not get preoccupied with Microsoft. I think we have a good relationship with them, although we compete with The mobile professional then in Java. I honestly

> tors, but I think competition is healthy.

change, we change."

particular disk.

save data.

Symantec's new

conducts about 15 background checks on the sys-tem; and third, it includes

some 'smart' agent technol-

problems. However, he

computer users are seg-

wants to connect in the respect what they have done office, at home, on a train, and I think by and large, Bill and his team have earned what they have got "They are tough competi-

> "What we do is focus on segments of customers with

mented into "know-nothing people and experts." Generally, he says computer users who buy software are competent but not 'look-under the hood' types. "They are not interested in

how a computer works - and why should they? The idea that these people are scared. naive or incompetent is silly. What they want is a computer to work

"What they don't want to do is become computer maintenance people. If they wanted to do that, they would go into the IT profes-

whom we can have a long Mostly, Symantec's strategy has worked well - "from our public offering we had 16 quarters of great growth, eight of those quarters consecutively we outgrew Microsoft," notes Eubanks. Then however, the growth stopped. "The Windows 8.1 products, together with 'Act' relationship, providing them contact manager software. with value. If their needs market began to mature and beoble mete looking towards Windows 95," he notes.

Symantec bet heavily on The other area Symantec the success of Microsoft's is focusing on is the market for software which provides new desktop operating system, launching three new PC users with help or advice products in eight language on fixing problems such as in August last year. "We had colour printers that will not done the best job of anyone print in colour or CD-Rom in delivering the Win 95 drives which refuse to read a product," says Eubanks, "but Win 95 didn't turn out

to be what we expected." He adds: "It's not just that Handy-Man software has three main components: companies didn't buy Win first, it monitors the system 95, they haven't bought any for crashes then intercepts new operating system." the crash and allows users to

Eubanks believes it is only Second, it continuously a matter of time before corporate buyers switch to the new 32-bit operating systems such as Windows NT or Windows 95. But for the moment ogy that helps the user solve he admits that his biggest challenge is getting Syman firmly rejects the notion that tec back on the growth

SEMENS



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Software theme: Personnel and Human Resources. New Directions: a further report on the wider IT Implications of European monetary union, Emu.

Thomas for 1997; see list on page 5

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Figurettal Tyres Number One, Southwark Bridge, I Surfing the Internet wave

Market may reach \$180bn by year 2000

in the Internet-enabled and highly competitive software industry where small, fastmoving competitors can develop a product, test it and then market and distribute it over the Internet.

This low-cost publicity and distribution route has helped hundreds of small technology start-ups, ranging from internet search companies to networking specialists and internet security comp to establish a foothold in the software market.

Acquisitions

Many of these small companies are based outside the US, Europe and other centres of technology innovation, such as Israel, but have come to market on the Nasdaq or other small business exchanges, such as Britain's Alternative investment Market. Other innovative software businesses have been snapped up by larger, longerestablished IT companies eager to plug technology gaps or accelerate time-to-

market This process has belped stoke the surge in mergers and acquisition activity in the IT sector which has been evident over the past two years, and fuelled the continned consolidation of the software industry at the top level. According to Software Magazine's annual top 100 rankings, published in July,

packaged software vendors leaders. Such high profile grew by an above industry

events are made even more average 31.5 per cent last necessary by the speed of year. Together, they the total revenues of the top 100 software companies, up from 63 per cent the previous year Among the aquisitions last

year, Microsoft bought UKbased Network Managers and Netwise. Computer Associates bought its rival, Legent, for \$1.8bn, Oracle acquired IRI Software and Sybase acquired Powersoft. Meanwhile Novell, the only software vendor in the top 10 not to have increased reve nues last year, sold its Word-Perect applications suite to Candadian-based Corel, earlier this year.

Of the top 100 software companies, more than 40 made at least one acquisition last year with Platinum Technology, software tools company, and Quarterdeck leading the spending spree.

With product cycles continuing to shorten and R&D investment becoming increasingly costly, the paof acquisitions looks likely to accelerate.

Meanwhile. customer demand remains strong. spurred on by the growth of the Internet, electronic commerce and enterprise com-According to international

Data Corporation, the world software market is growing at a compound growth rate of more than 13 per cent and will be worth almost \$180hn by the end of the decade.

World's top 20 software vendors

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View from the

Systems for small offices

Here and on the following three pages, FT writers look at innovations in equipment and services for the small office/home office (SoHo) sector



piain paper fax machine from Muratec: the M3709; with modem, digital enswering mechine, printer, ecanner and

T equipment and services . Geoffrey Name

Focus sharpens on the needs of small companies

There are more than 50m small businesses in Europe, the US and Japan - representing a key but highly complex market for suppliers of information systems

tools for many small businesses and entrepreneurs, and the PC industry has woken up to the potential of the small office/home office (SoHo) market and learnt how to design machines that appeal to the distinct needs of these users. With more than 50m small businesses in the US, Japan and Europe, the SoHo market is one of the most dynamic sectors of the PC industry. But reaching these users is not as simple as selling PCs in consumer or cor-

porate markets - "by focusing purely on home or corporate PCs you miss a fair chunk of the marketplace." says Jean-Luc Meyer. marketing manager for small business computing at Hewlett-Packard Europe.

The PC industry invented the term SoHo in the early 1990s when sluggish sales to

Computer equipment for the smaller business: the HP Vectra 500 Series PC, pictured with the HP

Vetwork Kit, the Leseviet 5P, the HP Scamlet 4P, plus the Colorado T1000e and HP Deskiet855C

have become essential out new markets. The growing army of small busine and self-employed seemed to fit the bill perfectly, particu-

> ditionally low.
>
> The PC industry has longknown what features matter to corporate buyers. More recently, it has learnt to build PCs that appeal to consumers - and vendors such as IBM, Acer, Compaq and Olivetti have launched home PCs that combine cuttingedge multimedia technology with ease of use and stylish

But the needs of SoHo users have often been neglected - "for a very long time there has not been a product targeted at the SoHo market," says Emmanuel Lalloz, manager with market research firm, Context Research.

"There were low-end PCs with basic specifications, which are unsuitable

owerful desktop PCs ers forced vendors to seek because of their lack of communications, or high-end PCs designed for corporate

> Vendors first tried to tap larly as their IT usage is trathe SoHo market using basic models from their corporate range, sold at knock-down prices through dealers and shops, with added office software - and perhaps a printer

 to create a SoHo "bundle" This strategy had limited success, however, and vendors now realise the SoHo market is more complex than they originally thought.

"It is a mistake to talk about the SoHo market as it is not a single segment, but an agglomeration of users with different needs," says Emmanuel Lalloz.

The US market research company Computer Intelligence has studied how the technology needs of the self-employed differ from those of small businesses and consumers. According to CI, the self-employed repre



Jean-Luc Meyer: today's market is fer wider then just PCs



tionals. Personal computer users can extend their international reach with videoconferencing on PCs with this plug-in kit from PictureTel. The "Live100" system gives full-colour, full-motion video and high quality sound, in a screen-sharing collaborative computing environment. Video calls are set up within a Microsoft Windows environ more details on +44 (0) 1753 673000. See also reports on teleworking and the growth of ISDN systems, Page 5

some similarities to the cally for small businesses other two but also important

differences. For example, the self-employed use their PCs fewer hours a week than small businesses, but are heavier users of online services and the Internet. They spend more money on a PC than consumers but the chosen model may have to double up as a machine for the whole family, running entertainment and educational

Vendors are now building PCs to tightly target distinct groups of SoHo users. Hewett-Packard, for example, identifies four "clusters" of

☐ Productivity workers. □ Communicators. Collaborators and per-

suaders, such as graphic designers. Each potential customer fits one of these descriptions, according to HP, and this enables the company's dealers to quickly decide which HP models suit the customer's needs.

The HP Vectra 500 range of PCs, launched earlier this

year, was designed specifiand in Europe it comprises nine models. Once the dealer has identified which cluster best describes the potential buyer, the choice can be whittled down to just three

or four models. "We have deliberately limited choice to make [the categories] easier to use," says HP's Jean-Luc Meyer. "One of the problems with small es is that they get confused by vandors. We want to simplify they lives." All models come with pre-

installed Microsoft Word software and, in most countries, Microsoft Publisher and Office for Windows 85. On the communications-

criented models, HP includes a 28.8Kbps modern, Internet access software and other communications programs, such as America Online Europe access, Intel Pro-Share data-conferencing software and, in France, Minitel

The HP Vectra 500 models also have a built-in communications centre to handle voice, e-mail and fax mes-

sages. Many small busituggling IT duties with their real jobs. so HP has tried to ensure its Vectra 500 systems require the mini-

User support

The company found that 40 per cent of support calls are about printing problems, so it has pre-installed on each PC drivers for HP printers to ease the task of setting up a printer. An on-line trouble-shooting guide helps users identify and solve problems and, if necessary, explain them to HP staff over the phone. For more serious faults, HP engineers

modern link. The three-year hardware warranty includes next-day on-site support during the first year, while HP offers optional telephone support for more than 100 business software packages.

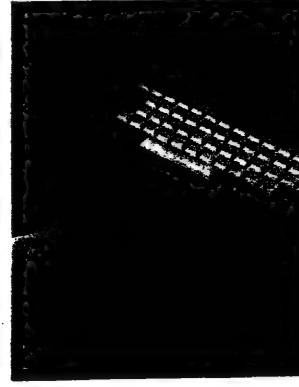
Other vendors are following HP's example and closely targeting the SoHo market. peripherals.

nesses rely on employees PC supplier, but in the SoHo seement it has lagged. The company is trying to make up the lost ground by including SoHo models in its Presario range of consumer PCs. These have features such as integrated fax and answering machines, talk-and-send modems to allow small businesses to juggle two phone lines, and a scanner keyboard to scan documents or business cards into the PC, where the images can be edited or faxed using built-in

"SoHo users are not computer experts," says Toon Bouten, European vice president for consumer business at Compaq. "So you genercan run remote diagnostics ally have to make things software on the PC via a easy". The Presario range feature "Rasy Access" buttons on the front panel that give users immediate access to frequently used functions, such as retrieving a message on the answering machine.

Compaq is also adopting Universal Serial Bus technology, which promises to ease the task of installing PC

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Siemens Nixdorf: User Centred Computing

■ Personal computer sales • By Michael Dempsey

Bargains are here to stay

There is a thriving market supplying relatively cheap PCs to consumers who do not need to be at the cutting edge of technology

specification colour notebook PC for £800.

Morgan sells surplus stock from other retailers, and this particular PC is part of the inventory of the failed German-owned home computer over-ambitious expansion strategy undermined Escom's ambition to have a PC shop on every UK high street. Escom bought up some 300 shops formerly owned by electrical goods merchant Rumbelows, but could not move enough machines fast enough to remain in business, leaving it in receivership.

Morgan's stock-list covers a wide range of "not quite leading edge kit" that the original manufacturers have chosen to dispose of. Technology this cheap is great news for small office and home office (SoHo) users. But its availability underlines the harsh facts of life for PC makers:to be a suc-cessful supplier of PCs takes

huge volume sales. One of Morgan's current Pentium PCs selling for £750, 486-based machines available at £400-£500. Any analyst pondering Olivettl's recent announcement that it intends to sell off its PC djvision need look no further around 65 per cent of his than these prices for the company's motive.

life of new technology and a priced at \$339, Mr Shepheard mass international market creating constant pressure on prices, a succession of companies have announced their intention to quit the field or alter the nature of their participation.

Last year, AT&T's NCR arm said it would stop manufacturing its own PCs and contract-out the assembly. concentrating entirely on

The latest sales leaflet ent Fujitsu. Meanwhile, Bull from Morgan Com- retains a 51 per cent stake in puter, a no-frills UK the marketing company of IT retailer, offers a high its former Zenith Data Services PC unit in Europe, but has sold the ZDS line off to a consortium of Japan's NEC and US PC-maker Packard

ZDS has some phenomenal orders to its credit, including retailer, Escom. An the lion's share of Desktop IV, a \$1bn deal to supply the US Air Force with 400,000 PCs, Yet running ZDS dragged Bull's results into the red.

With this continuing

shake-out, how long will suppliers such as Morgan be able to offer bargain basement equipment? Surely a declining number of companies will stop the downward trend in prices? Mr Tom Willett, sales director at Morgan, thinks not - "companies have got better at managing inventories, but the pace of change has accelerated," he says, "Big organisations have trouble reacting

Adaptation

ten-year-old PC-producer based in Sioux City - as a company that learned to adapt to changing demand quickly by focusing on the mail order market. Mr John Shepheard, Gateway 2000's UK general manager, says customers are small businesses or home PC purchas-With the restricted shelf- ers. With an entry model PC reckons his company operates at a net profit margin of 8 per cent. The secret is to churn out boxes: "Ours is a volume business, we sell more than one million machines worldwide every

He cites Gateway 2000 - a

Dealing direct with the public cuts out distributors who eat into margins. Mr Shepheard thinks PC prices large corporate customers; are bottoming out, but sees the UK's ICL apun off its PC no rises in component costs division to its Japanese par- ahead - and cheap compo-

President of the APTV



it's a buver's market in the run up to Christmas, there are pienty of good offers for potential PC purchasers

nents have dragged down unit prices.

Compaq, with a \$14.8bn turnover, is the largest PCmaker in the world. Economies of scale allow it match the emerging entry level standard price of £900, but Mr Bruno Didier, Munichhased vice president for PC. products in Europe, says low prices alone are no guaranse of survival.

"The PC environment in Germany is very tough, and any attempt to buy market share just using price always fails. Escom failed because it set the lowest possible price and then relied on phenomenal market growth," he says.

Mr Didier believes that puter business." small business owners are learning to look at the cost of ownership of a PC over its lifetime, and claims Compaq's ability to support its products is a huge sales incentive.

Mr Howard Strowman.

director of London-based PST, has relationships with "virtually every PC manufacturer in the world". Mr Strowman cheerfully defines his business as "the undertaker: we're the funeral director of the IT world". He buys up excess stock, selling on to outlets such as Morgan, or spotting less develwhere price is more important than state-of-the-art

Mr Strowman makes his profit from the instinctive view that leading edge for many ordinary PC users across the globe. As he puts it: "You don't have to own a Ferrari to drive down the street". Despite the endeayours of corporate analysts and marketing teams across the industry, he sees no end in sight to the supply of dis-

continued machines "The actual pace of change and price degradation means there will always be people who get their forecasting wrong. There are 1,001 reasons why people get left with surplus stock in the com-His experience suggests a

secure future for the shrewd individual who is prepared to bide his time and does not need to leap in and purchase when a new product is imvelled. "I bought a \$5,000 IBM portable two years ago, in New York, Less than 12 months later the same UK for £1,800, or around \$2,880.

The SoHo world is not an immediate target for Sun's JavaStation, a slimmeddown PC dedicated to networking. But the pricing of this product aimed at corpooped overseas markets rates (£519-£700) will exert yet another powerful influence on PC prices. The bargains are here to stay.

Multifunction machines . By Geoffrey Wheelwright

All in one or stand-alone?

It is important to think well ahead when buying key peripherals

ven if the desktop - computer in your home office has all the latest software and built-in gadgets, you will still find that the outside world expects you to produce documents that it can deal with on paper.

The paperless office is not here yet. This then forces you to look at buying a printer, a photocopier, a fax nachine or a scanner (for getting paper documents, and illustrations into your computer) - or a device that can manage all of these tasks at once.

Today's home office equipment products are so flexible and powerful that often it does not make sense to put them together piece by piece. You may decide that all you need to begin with is a simple photocopier. So you go out and buy a small, slow and inflexible machine that will just about do what you need right now.

Within a few weeks, you might then find that clients are starting to ask you to fax documents to them and you are now running lown to the local office services shop several times a day to get them to send faxes for you just as often as you used to go there to have photocopies made.

If you had taken the time to look a little wider at the available technologies when fou were buying your photocopier, you would have discovered that almost every fax machine on the market provides the option to copy your documents as well as fax them.

The same holds true for many other functions on the modern fax machine. Functions such as answering machine capabilities, connection to personal computers that allow a fax to act as a printer and even computer scanning capabilities are now commonplace on fax machines in the \$600-\$1000



'personal image processing system', the TF461 system, is all three. In the UK it sells for £849, plus Val

range. These devices must therefore be considered not only on the basis of your existing needs but also on what you expect that you will need to do in the near and medium term. Of course the usual cave-

ats apply. If, for example, you foresee regular require ments to be able to send faxes and print documents simultaneously, then having those functions combined in a single piece of machinery is unwise. Likewise, reliability of service becomes more vital in the event of system breakdown: you'll face the loss of your printer, copier and answering machine in one go.

There are also a few other technical considerations. The first involves quality of output: the cheapest fax machines use thermal fax paper on a roll. This paper is usually thin and tends to meintain its "curi" for a long time. after leaving the fax machine. This can be particularly problematic if you intend to use the fax machine for photocopying documents that you need to distribute to clients as it looks exactly what it is - a

cheap fax. A better bet for anyone concerned about the look of the final output is plain paper fax systems - which commonly use inkjet technology for output. For many, this represents a good compromise between er quality and the cheapish look of thermal fax

Plain paper fax machines that use inkjet technology for their output are often a little slower than thermal paper fax machines, but they do give you output that is close to laser quality - at a price that is still well below the \$1000 mark. A good example of this

are two new multifunction fax/printers from Hewlett-Packard in the company's HP OfficeJet Series 300 range. HP save the new products integrate the common office features consumers want most - full-featured printing, faxing, copying, and scanning.

HP says it has designed the new products for people who want to take work home from the office, telecommute a day or two a week or run sideline businosses from their homes

HP says the new OfficeJet Series 300 can print documents at up to 3 pages per minute and offer 800 x 300 dots-per-inch (dpi) resoluprovide plain-paper faxing with enough memory to allow 24 pages to be stored if the device runs out of paper or ink. The machines can speed-dial up to 60 locations. They also have newly designed front panels with 10 one-touch keys that make it easy to send faxes to frequently-dialed numbers.

evillage

The OfficeJet model 350 printer-fax-copier-scanner is equipped with a 300 dpi scanner for convenience scanning and copying of text, line art and signatures. It also comes bundled with Caere OmniPage Limited Edition optical character recognition (OCR) software to allow people to edit documents that have been scanned into word processing applications.

HP is not, of course, the only supplier of such devices. Brother's sub-\$600 MFC-1750 plain paper multi-function machine offers 200 x 400 dot per inch resolution, enough built-in computer memory to store 10 pages even when the machine has run out of paper (and then print them out when paper is added) and the capability to print from a computer at two pages per minute.

Availability and cost of "consumables" need to be considered. If you choose a thermal fax machine, for example, look for one that uses a standard roll size and the maximum possible

Machines that can only use fax rolls with a smaller core can hold less paper before they need to be refilled. Likewise, check out how many pages a plain paper fax can print before it needs it be reloaded with a new ink cartridge – as well as the cost and availability of the ink cartridges themselves.

Finally, weigh all this against the performance of similarly-priced single-pura high-quality scanner, for example, you would probably be better to go with a single-purpose flatbed scan-



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Printer prices continue to fall as leading manufacturers concentrate more on sales to the home office user

he spread of the printer from the large corporation to the small business and the home office has greatly changed the market in the past couple of years. In the UK, for example, printer prices for low-end models have fallen even through the £150 level.

The home user tends to place less importance on the power and versatility of the machine and more on low cost of ownership, case of use and reliability.

But high quality of output is what such users want most of all, according to Mr Peter Turner, UK managing director of Oki Systems. Oki commissioned market research into the requirements of the small business

sector before designing the

laser machine which it

"They want the printed page to look as good as if it came out of a printer in a large company's office," he

Home users want to be able to print one or two pages quickly, but speed of output is not as important to them as to the large busiume involved is usually less, notes Ms Lucy Pedrick, an analyst at market research firm Romtec

The typical SoHo (Small Office/Home Office) user buys a machine which prints at four to six pages per minute, compared to the corporate office laser which prints at 12-16 pages a minute.

Inkjet prices have almost halved in the past five years and users now get very much more for very much less money. Prices have fallen from £300 to £250 and less in just the past year, as manufacturers have concentrated more on the SoHo sec-

launched into the market in: Lasers now cost around £300-£400, but they may be cheaper to run than inklets. which cost more on colour cartridges and may need more expensive paper.

little extra to have colour rather than monochrome. Most therefore buy colourcapable inkjets - those which can take a colour cartridge as well as monochrome - rather than the more expensive full-colour

They tend to be more concerned than other users not to have technical difficulties. An on-site repair warranty may therefore be a crucial part of the deal.

Lasers generally produce noticeably sharper print than inkjets, but some users want both sharp print and also the occasional use of colour. Vendors say that some of these Solio users now have two printers in their bome offices for differ-

Leading vendors sell to Solio users through small dealers, computer superstores. electrical warehouses, high-street electrical stores, computer stores department stores within and mail order coupons in technical magazines.

ent purposes.

Hewlett-Packard dominates the SoHo sector, as it

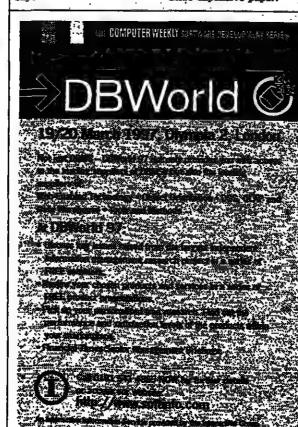
SoHo users have so far does the market as a whole proved willing to pay only a but its lead is less solid there. "The awareness of the HP name is not so strong among home users as in hig companies." claims Romtsc's Ma Pedrick. "Many home users who have not worked in big companies may know the name of Canon better than that of HP."

A number of other manufacturers are targeting the SoHo sector as their best opportunity of taking sales away from HP. Even fiercer. price competition is likely among the laser manufacturers, with prices falling perhaps towards £200 in the next year or two.

Users are likely to be offered 8-10 pages per minute for the same price as older 4-6 ppm machines. But Mr Maicolm Hancock, a senior analyst at Dataquest, says that price competition makes it very hard for many manufacturers to keep in the race, especially in inkjets.

Around 60 per cent of the printers sold in Europe in the first half of 1996 were inkjets. Inkjet technology is owned by only a few comp-

Continued on facing page



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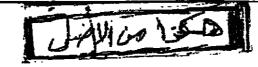
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Working from homes international comparisons in teleworking/telecommuting . By Geoffrey Naim

Televillage is a European showcase

10m Europeans could poten-

daily commute for the sup-

The Gartner Group pre-

worldwide will "telecom-

mute" in the year 2000. The

technical hurdles of tele-

working are largely con-

quered and the main limita-

tions on its growth are now

corporate scepticism about

the costs and benefits of tele-

commuting and fear of los-

Infrastructure is not the

ing control over employees.

main issue, even though

telecommunications are still

expensive in Europe," says

Eduardo Barrera, president

of the European Community

Telework Forum (ECTF), an

umbrella organisation to

promote telework in the

Resistance to telework

remains high in Japan and

southern Europe, where the

work ethic is very different

from that of Anglo Saxon

countries - "in Europe, par-

ticularly in the south, people

European Union.

from home.

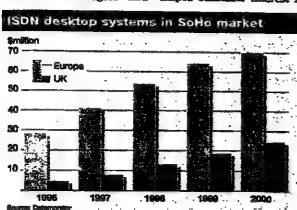
By the year 2000, there may be 55m teleworkers worldwide, although resistance to the concept remains high in some areas of Europe and Asia

Testling in the Ligur-demonstrate that telework is telework in Europe. At least Italian Riviera is Colletta di Castelbianco, a longabandoned mediaeval village whose peace will soon be disturbed by the gentle hum of Web servers and the clatter of keyboards.

"Televillages" are rare in Europe and the Colletta project has been set up to showcase the latest telecommunications technologies and

ian hills above the feasible outside North America. Europe has 1.25m teleworkers and 5 per cent of European organisations allow employees to work from home, according to a 1995 survey by Empirica, a German firm of analysts.

The arrival of the Internet, better telecommunications infrastructure and changing helped stimulate interest in



ncing as ubiquitous as the phone or the fax. The install base of desictop ISDN video systems in the European SoHo market behind the US," says Madridbased Barrers

Nearly half of Europe's teleworkers are in the UK, according to Empirica, and teleworkers make up 7.4 per tially swap the trials of their cent of the UK's white-collar workforce. France is close posed pleasures of working behind with 7.0 per cent, while Germany achieves 4.9

dicts more than 30m people in the United States and 55m Move further south, however, and the picture changes. In Spain, teleworkers account for 3.6 per cent of white-collar workers. while in Italy the figure drops to just 2.2 per cent. Italy thus seems an unpromising location for a televillage, but the promoters of Colletta are keeping the soheme small and exclusive to attract an upmarket clientele of self-employed professionals who can choose

> where they live and work. Italian telephone company Telecom Italia is installing a 155 Megabit-per-second fibre ontic network to link the 65 buildings in Colletta and give its future inhabitants a wealth of pervices.

All homes will be fitted with Integrated Services Digital Network links and the village will have its own digital PBX, intranet, dedicated high-speed Internet connection, voice mail, fax and

and we are still lagging video servers. Computer ents or working from home company Acer is supplying the server hardware.

Colletta has its own Web site (http://www.colletta.it) and deep-pocketed teleworkers who fancy this beautiful but isolated part of northwestern Italy can peruse the architect's plans online and choose their future home. The painstaking restoration will not finish until 1999 but the first lots have

already been reserved. Similar schemes have sprouted in other remote regions of Europe, such as Wales and the Scottish Highlands. Developers hope to woo jaded city-dwelling pro-fessionals with a better quality of life and sophisticated telecommunications that allow them to run their studie or office from their borns benides a Scottish lock.

'Hot-desking'

This is the popular image of telework, but analysts say these self-employed professionals represent just a small part of the teleworking market. Increasing corporate enthusiasm for flexible working practices, such as "hot desking", has obliged many salaried workers to spend less time at their deak and more time visiting cli-

A growing number of jobs that traditionally required a desk, an office computer and a full-time presence can now be accomplished by teleworkers, at significant cost

savings to the employer. Advances in computer and communications technologies have made this possible and the IT industry is, not surprisingly, one of the kee-

nest fans of teleworking. "More and more people working from home need to access corporate networks. says Toon Bouten, European vice president for consumer business at Compaq. Remote access software gives teleworkers the ability to dial into their company's Lan from a home or portable PC and access its resources, such as printers, databases or e-mail server.

Market analysts at International Data Corporation, IDC, estimate the European remote access market will grow rapidly from \$40m in 1994 to nearly \$258m in 1999. Mr Bouten sees ISDN as a key technology for teleworkers. They can remotely access corporate networks ment. and download large files much quicker than using a conventional phone line.

ISDN also provides faster access to the Internet or cor-

Portofino, overlooking the Ligurian Sea: even in small towns and

porate intranets, but it can be difficult to get an ISDN line working reliably and most teleworkers will need the support of their company's networking guru.

Telephone companies have, in many countries, reduced the cost of installing and renting ISDN lines (see report below by George Black), but ISDN-compatible equipment still remains pricey. To address this problem. France Telecom earlier this year ran a campaign that gave new ISDN customers rebates on ISDN cards for PCs and other equip-

Next year, Compaq says it will include an ISDN interface in selected PC models. Another important teleworking technology is videocon-

ferencing, which experts say helps overcome the isolation

Traditional videoconferen cing systems require a costly interface card and ISDN link, and are beyond the reach of many teleworkers.

"The issue with videocon. ferencing was always its price," maintains Bouten, who says Compaq will include low-cost videoconferencing technology in certain personal computers next

This technology works over standard phone lines and, according to Bouten. should only add about \$200 to the price of a PC. An even cheaper option is Internetbased videoconferencing: the software is free, but picture

New inkjet colour printers

Continued from facing page

nies. Others have to buy it in and re-package it, which is hard to do at a competitive price, says Mr Hancock. Some inkjet owners are unwilling to sell on their technology to other vendors. Those who buy in are likely

to be a year behind. Apple is said to be the only company which is successfully re-selling inkjet technology on the strength of its own brand name. Most of these sales are made in conjunction with sales of its PCs, which the company has been struggling to maintain

shelves of retailers, which usually will not stock more on's product development than half a dozen makes. Unless customers start to ask for a new name and those machines move quickly off the shelves, newcomers cannot make the breakthrough. All this means that the inkiet market does not look on the verge of opening up to many

Challenge

more manufacturers.

Developments in the use of colour could help HP and Canon to withstand the chailenge. They have introduced new inkjet machines which It is hard for lesser-known are capable of generating capable of handling such a brands to gain space on the photographic-quality colour. task

The aim, according to Cananalyst Mr Julian Rutland. is to take advantage of the spread of digital cameras and Photo CD technology to enable home users to produce their own illustrated documents, such as brochures, newsletters and Christmas cards.

Up to now, most colour inkjets have been too slow to cope with volume production of full colour literature, although they are useful for inserting a few colour images into a document to enhance its impact, but as the speed of inkjets continuse to improve, they could soon become much more

■ Demand for ISDN: Integrated Services Digital Network • By George Black

Internet pushes ISDN into the home

In Germany, ISDN is already a household word among the growing army of home office workers

digital telecommunications in the home office.

ISDN (integrated Services Digital Network) has started to be installed by home workers as a means of accessing the internet more efficiently than using a for the PC and fax machine, modern to connect their per- and for personal and busisonal computers to analog ness calls. It is equivalent to telephone lines.

Gathering information from the Internet requires a lot of bandwidth, especially when complex graphics and images are involved. ISDN is

est in the Internet is viding that bandwidth than creating demand for conventional analog communications. Faster throughput of data also cuts the duration of calls and their costs. ISDN could enable Solio (Small office/Home office) workers to operate more effi-

ciently, with separate lines having a small switchboard in the home or a direct dial in (DDI) service.

NOP Research Group sug-

migrate from modems to ISDN. But in the UK the pricing of ISDN and general ignorance of its potential benefits have so far combined to prevent most SoHo workers taking it up, according to Mr Nevil Florey, marketing manager for communications specialists Racal

"Most self-employed people have never heard of ISDN," he says, "and most of find it is still too expensive".

Data Group.

The fast-growing inter- much more capable of pro- business are starting to European countries in the for two years. BT's ISDN past couple of years, but business development manmainly among larger compa-

> for installation, charged by charge will increase the British Telecom have been a number of SoHo users dradeterrent to the SoHo user. matically, even though there BT has recently announced a are higher charges for line move to a tariff structured similar to the one for mobile phones, with different installation, rental and "free" call times for different services.

The best deal for the SoHo worker may be the start-up service proposed with a £199 ISDN usage has grown faster installation fee, 2535 annual gests that Internet users for in the UK than in other rental and 2105 in free calls

ager Ms Emmanuelle Stary says that the cut from £400 The high prices, especially to £199 in the connection rental- "it should help small businesses, which face cashflow problems, by spreading the cost over two years," she

> Mr Keith Mallinson, an analyst with Yankee Group Europe, supports this

> > Continued on next page

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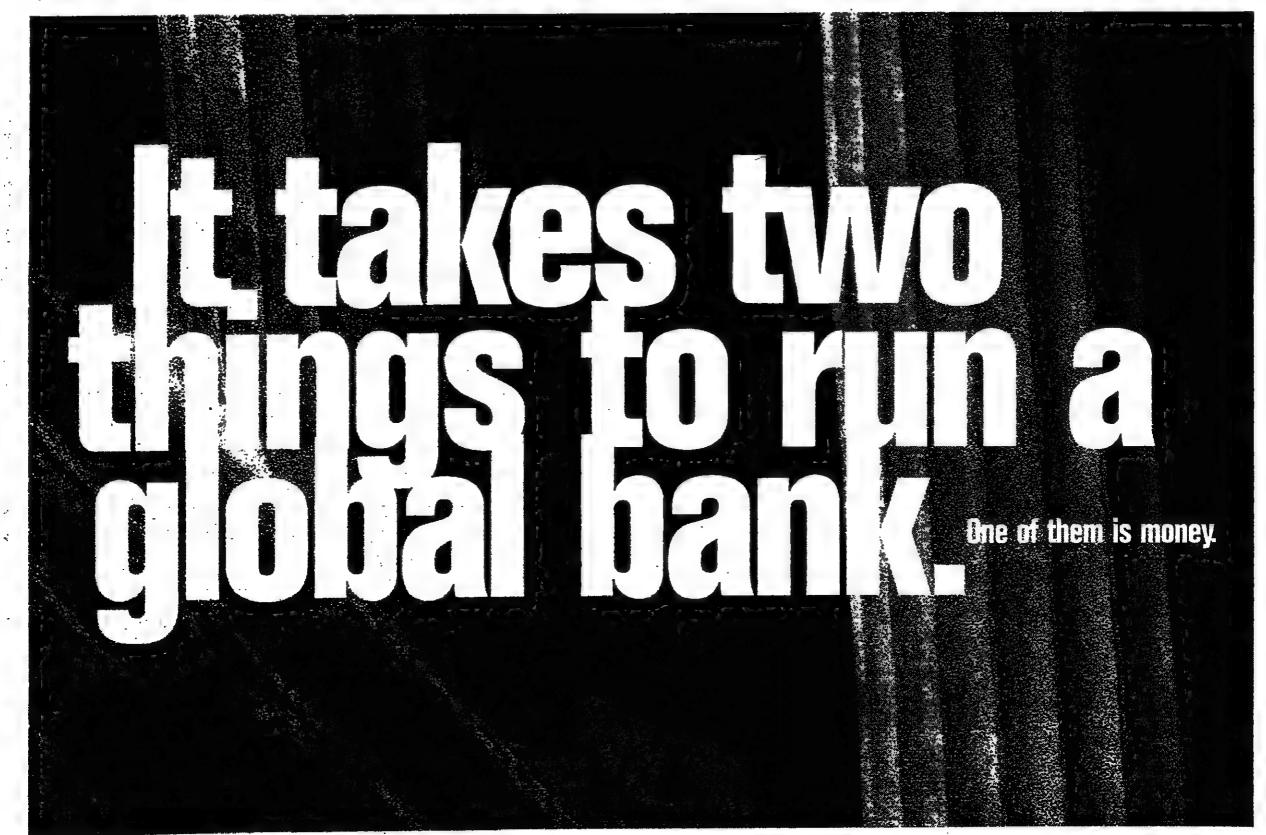
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When information is everything.



■ High-speed communications • By Geoffrey Wheelwright

Pictures on 'pots'

ADSL technology allows very fast data transmission over phone lines for what the industry calls 'plain old telephone services', or 'pots'

igh speed Internet access is currently the "holy grail" of the computer and telecommunications industry. Substantial spending on high-speed cabling infrastructures - such as fibre-optic cables, ISDN (see page 4), or updated, high-capacity cable wiring has generally realise this dream.

But now a technology known as ADSL, XDSL or simply digital subscriber line technology has been developed to revolutionise the speed at which most people access the internet and the World Wide Web. Asymmetric Digital Subscriber Line (ADSL), allows very high-speed data communications on the standard copper wire that comes into most people's homes and businesses without their needing to use special (and more expensive) ISDN lines.

According to the ADSL Forum, a North American/ European industry group promoting the ADSL standard, telephone companies around the world are beginning to recognise the immense value they can still realise from their copper phone lines - and that they can begin to offer high-speed spending lots of money on

The group describes ADSL as an asymmetric modem capable of transmitting mov-



ADSL will eventually play a crucial role as business

links. It has been proved in community understand and trials and is ready for wide apply" ADSL technology. scale deployment. The Focusing first on ADSL, the Forum also says that VDSL a turbo-charged modem that has been moving into field trials this year, can transmit high definition television and many channels of live TV and high-speed data over shorter lines.

Outcome

"The two make an amazing combination, offering rates from 1.5 Mbps to 52 Mbps, depending on line length, over the same wires used for plain old telephone services (pots)," says the Forum in a report published on the World Wide Web. "indeed, ADSL and VDSL share the line with 'pots', access quickly without enabling phones, fax machines, personal computers, and TVs to connect to remote services over a single line at the same time."

The ADSL Forum was ies, television, and high formed in late 1994 "to help information in video and speed data over long copper the telecommunications multimedia formats. New

Forum promotes the concep of copper access for broadband services and develops practical solutions for system problems engendered by ADSL and VDSL networks. The Forum pays particular

deployed along a migration path toward ATM (Asynchronous Transfer Mode), but before ATM becomes widely distributed. Copper lines can be used now for video on demand. Internet access, remote LAN access, and multimedia access. As a result, solutions must be developed for wiring. premises distribution,

attention to the near-term,

when it says ADSL will be

ADSL will play a crucial role over the next 20 years as phone companies enter new markets for delivering

terminal interfacing, link

protocols, and network man-

broadband cabling will take decades to reach all prospective subscribers. But success of these services will depend upon reaching as many subscribers as possible during the early years, states the

"By bringing movies, TV, video catalogues, remote CD-Roms, corporate Lans, and the Internet into homes and small businesses soon, ADSL will make these markets viable for telephone companies and application suppliers

Supporters of ADSL tech-nology include Motorola Semiconductor, Ericsson Austria, AT&T's recently. sold Paradyne division and Alcatel Bell. The AT&T Paradyne work is particularly interesting. In June this year, AT&T Paradyne released an enhanced ver-sion of its ADSL modem technology that it says can achieve transmission speeds over 7 megabits per second

Prediction

At the time, the company predicted that products sed on the enhanced technology would enable service providers to offer multiple channels of high quality video for broadcast and video-on-demand TV, and data services over standard phone lines - years ahead of the cable TV companies (many of which will have to retool their existing infrastructure

Paradyne says this is a commercially viable ADSL transceiver technology that operates at broadband transmission rates which were previously not available with low-cost, low-power technology.

Earlier versions of ADSL transceivers were apparently only able to transmit data and video to the user (downstream) at 2 Mbps and 64 kilobits per second (Kbps) from the user to the network (upstream). The company is claiming its enhanced GlobeSpan ADSL technology will dramatically increase downstream rates to over 7 Mhps and upstream rates to

640 Kbps. Paradyne is also claiming that its technology will enable service providers to offer now video and data services cost-effectively over existing phone lines, without interrupting standard phone services. ADSL-based products are expected to support interactive TV services, such as video-on-demand and distance learning, real-time broadcast of news, sports and weather, video teleconferencing, standard ISDN Basic Rate Interface services, internet access, and remote links to corporate networks and intranets.

Better value

"By design, ADSL enables a standard phone line to be used simultaneously for a phone call and for video or data services," explains Clete Gardenhour, director of business development for Paradyne's Advanced Transmission Technology Unit. "By increasing the transmission capacity of that line with our GlobeSpan technology, we've just doubled, tripled, or even quadrupled its

value for consumers. To demonstrate the added value for those who will sell this technology, Gardenbour offered this example: "Imagine Dad on a business call while the youngest child watches a favourite videoon-demand educational program, and Mom is on a video teleconference call with friends, while the teenagers are doing homework assignments via the Internet - all using the same phone line simultaneously. The possibilities are endless, and we expect to see a variety of exciting new applications created by innovative service and content providers

in the near future." Prices, however, harder to predict. Paradyne says consumer pricing for ADSL products and services will be established by equipment manufacturers and service providers as they begin offering new high bandwidth

FT-IT Review: themes in 1997

■ Here are the main themas for the FT Review of Information Technology in the coming year. Each issue - usually on the first Wednesday of the month - has a main 'user-focus', plus a business software topic.

M Other regular monthly features include 'Views from the Top' by leading figures in the IT industry, with case studies, user-views, and a spotlight on new directions for IT applications in the business world.

Main focus: Key issues for IT business users in the last

three years of the 20th century, including the 'Year 2000' problem and the impact of European monetary union. February 5, 1997

Main focuse IT in Health Software theme: Personnel and Human Resources. New Directions: a further report on the wider IT Implications of European Monetary Union, Emu.

Main focus: The Digital Future. Software theme: World Wide Web Software. New directions: Data Warehousing.

April 2, 1997 Main focus: IT in Defence. Software theme: Groupware and the Internet. New directions: Systems Security.

Main focus: Mobile Computing. Software theme: Managing Information. New directions: Virtual Reality.

June 4, 1997

Main focus: Enterprise Computing. Software theme: Database Systems. New directions: Smartcard Applications.

July 2, 1997

Main focus: IT in Banking and Finance. Software theme: Accounting Packages.

August: no publication.

September 3, 1997 Main focus: IT in Retailing. Software theme: Personal Productivity

October 1, 1997 Main focus: Computers in Manufacturing.

Software theme: New Software Development.

Main focus: Technology in the Office. Software theme: Sales and Marketing.

December 3, 1997 Main focus: IT in Home and Smaller Business.

Software theme: Local Government Systems.

For details of forthcoming issues, UK callers may use the FT-IT Fax-U-Back Service. Details include aditorial synopses of future issues and writers for various themes. The fax number to call is:

Callers from outside UK should add their country exit code plus country entry code (44 for UK), omitting the initial zero. If your fax machine cannot receive the Fax-U-Back London on (0)171-873-3197. For further details, see the Information panel on Page Two of this IT Review.

Wider use of ISDN

Prices will come down

Continued from page 5

change: "It is a major fillip, especially for faster Internet access," he says. "It certainly helps small business a lot by reducing the entry cost, which was too high." aging director of ISDN equipment manufacturers Paxdata

Mr Jim Fitzpatrick, man-Networks, says the service would be perceived as cheaper even though the true cost over two years was still the same. However, he noted that

three-minute call charges had fallen from 43 pence to pence since 1990, which be says is "a fair rate of progress". Ms Siary says that BT cannot cut the cost any further at present because it is an expensive service to provide, in terms of customer premises and exchange equipment.

The cost of that technology is falling, however, she says, and so prices will come down steadily. One out of three lines BT is now installing are ISDN compared to only one in four a few months ago. By the year 2000 it will be around one in two. she forecasts.

Paxdata's Mr Fitzpatrick argues that the sharp fall in the cost of the equipment which has already occurred has not been passed on to users in lower prices.

In Germany, ISDN is already a household word and it is quite normal for German SoHo workers to use ISDN. An ISDN connection in Germany is cheaper than two conventional telephone lines.

In France, ISDN has not progressed so fast as in Germany, but its use by home workers is more common there than in the UK.

Ms Siary says that Deut-

sche Telekom and France Telecom have been able to push ISDN harder because they have been sure that customers would stay with them. In the UK's deregulated environment. BT cannot be sure of retaining ISDN customers for continuing call revenue and therefore has to re-coun its costs at an earlier stage, she says. Mr Mallinson noted that BT is worried that customers could switch to the alternative service provider Mercury Communications soon after being connected to ISDN, so it did not dare risk setting the installation cost too low.

There may be tougher competition for BT waiting in the wings. Cable companies are starting to offer ISDN; in the US, SoHo users are already getting access to high-speed data transmission via cable operators.

BT's Ms Siary says the company is not worried about such competition because it doubts whether the cable companies could offer ISDN any cheaper than BT does. However, some industry experts are speculating that the merger announced in October between Mercury Telecommunications and the UK cable operations of Bell Cablemedia, Nynex Cable-Comms and Videotron, could for BT in the ISDN arena.



Moving multimedia forward

The emerging digital video disk and a faster Internet will speed the delivery of multimedia applications at home and in business and education

media CD-Roms were applications." the cutting edge of new media has long gone. Now the focus is on trying to integrate the various media with a keen focus on the Internet and online links.

With their 600 megabytes of data storage, CD-Roms were, not too long ago considered the holy grail for 'content' developers. But it soon became evident that this amount of storage was puny. Multimedia files with their rich graphics, video and audio content quickly soaked up the available storage space and the slow speeds of CD-Rom drives and the limited graphics capabilities of Windows systems. plus the compatibility problems with that platform left

many frustrated users. CD-Roms are rapidly becoming obsolete as far as new media are concerned. The replacement is Digital Video Disk (DVD) Rom technology which can store almost 5 gigabytes of data with excellent access speeds. and Internet-based technolowhich gies promise three-dimensional worlds,

CD-quality sound, and video. DVD will take a couple of years to become established as a standard, and in the meantime. CD-Rom titles combining Internet links will fill the gap. Local CC-Rom or DVD-Rom disks will provide PC users with much of the graphics and audio content since sending such large files over the Internet will remain a slow process, at least for the next few years until faster communications technologies become available.

Technologies such as Intel's MMX multimedia microprocessor, plus media co-processors from a host of companies, will help PCs display high quality graphics. video and surround sound

DVD has a key advantage in that it will be backward compatible with current CD-ROMs which will protect the user's current investment in CD-ROM titles while adding the superior capabilities of

Market forecast

The US market research group, Dataquest, predicts that the DVD drive market will reach \$4.1bn by the year 2000 with widespread use in consumer electronics and computer markets.

"With high storage capacities, faster data transfer rates, and interactive capabilities, DVD has moved the capabilities of optical storage forward by magnitudes." says Mary Bourdon, senior industry analyst at Dataquest. "It offers consumers the prospect of a single media format for high quality film and audio reproducproduce more competition tion, as well as high capacities and improved

he time when multi- performance in multimedia

Dataquest adds that the widespread support for DVD in the computer and electronics industry will lead to stiff competition that will drive down the price of DVD drives and will lead to supply exceeding demand good news for users and companies hoping to exploit this new medium. "While DVD has great potential for



Directions

Focus on new media

internet madianime

TACKS

consumer applications such as digital video movies and multimedia titles, businesses would like to use a recordable version of DVD for backing-up large drives and archiving large amounts of multimedia data."

The recordable DVD drive market will take a little longer to establish. It had been held up by the concerns of Hollywood movie studios that users would be able to copy their movies easily. With larger data capacities

and the relatively cheap CD-Rom and DVD-Rom optical media, companies will be able to put together promotional materials such as multimedia catalogues with online links allowing users to view products and order them at the same time.

But you do not need ontical media to put together impressive multimedia promotional titles. UK company Global Beach, for example developed the Porsche Boxster World Time Zone, a floppy disk-based utility for PCs that promotes the recently introduced Porsche Boxster car.

The program works as a screen saver plus time zone indicator and uses Global Beach's video and audio compression technology to create an eight-minute interactive multimedia advertisement, a considerableachievement given the limited capacity of a floppy

"We recognise that multimedia titles can be created that are compact and fast and we have used our expertise to create the Porsche title, and other types of promotions on the Interpet," says Charles Jackson, man-

Continued on facing page



new 'IT Relief' initiative to support the Comic Relief fund

'IT Relief' project

IT industry raises money for the needy

More IT companies urged to become sponsors

T eedy children in Africa will be

ng those who will benefit from a new UK charity initiative called IT Relief. Organisers are urging the entire IT industry to take an active part in raising money by becoming corporate sponsors or by staging fund-raising events. Money raised from the IT industry will be given directly to Comic Relief, the UK charity that is linked with the national Red Nose Day". IT Relief was launched in June this year at an industry exhibition, Networks '96. The fund soon climbed to $\Sigma 15.000 -$ "but this is just the beginning,"

said the organisers of IT Relief. To become a corporate sponsor. companies are asked to donate a minimum of £5,000 which will enable them to freely use of the IT Relief logo - see picture, above - in their advertising and mail shots. They will also have their own web page on the IT Relief website (http! www.it-relief.org uk), together with their company logo that will be 'hot-linked' to their own corporate web site.

Corporate sponsors are also invited to join the IT Relief Steering Committee, set up to drive the initiative forward.

Introducine NeiStar - the unique,

single product solution that connect

in one smart move, NeiStar provides you

whole network with a fast ISDN connection to

both e-mail and the internet at local-call rates.

and includes a full firewall security system.

your whole office to the Internet.

Sponsors so far include OST, an Ethernet Switch manufacturer; 3com, Sun Microsystems, Livingston Rental, Networld+Interop, Networks 96, EMAP, the FT-IT Review and UUnet Pipex. Anyone interested in supporting IT Rellef can receive more information on the hot-line number, below.

The initiative began when OST (UK) in Slough, Berkshire, asked the comedians Mel Smith and Griff Rhys-Jones to help them in a marketing campaign. The comedians, who strongly support Comic Relief, asked OST's managing director, John Cuming, how much the fast-growing IT industry, with its strong marketing campaigns, was involved in helping projects such as Comic Relief.

Mr Cumming was embarrassed to admit that the industry's contribution was "fairly smail", but he went back to his office to call upon the IT industry to join together as one in raising money - thus, IT Relief was born. In addition to company sponsors, IT companies are being encouraged to launch their own fund-raising ideas, ranging from football matches between sales and marketing departments to direct staff contributions

■ IT Relief hot-line (lo-call): 0845 0700 800.

Registration forms also available.

management software which enables you to

mming Netstar you can send

e-mails instantly or in bulk. You can block

full internet access for selected member

of staff at different times

control internet use. For instance, by

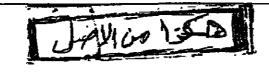


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Directions: new media

New 3-D

click away

aging director of Global

Beach. "A key feature of the

Porsche promotion is that

users can install the pro-

gram with just one click, the

software does everything

As communications tech-

nologies improve, the Inter-

net will become a powerful

medium for not only interac-

tive advertising but also in

accessing business informa-

tion in new, and possibly

more effective ways. Tech-

nologies such as the Moving

Worlds Internet standard

provides 3-D worlds through

which the user can move

Originally promoted by

the pioneering graphics

workstation company, Sili-

con Graphics, Moving

Worlds has attracted wide-

spread interest and support

from more than 50 compa-

nies including Netscape, IBM

and Apple Computer. Silicon

Graphics is offering web site

development tools that

allows companies to create

web sites based on Moving

Pointcast, with its multi-

media network that broad-

casts news, features and

interactive advertising to

users, is another innovative

use of the internet. A key

advantage of Pointcast is

that much of the graphics

and animation files are

downloaded once, allowing

the company to save band-

width by sending out

updates rather than the

whole package. Corporations

can also set up their own

private Pointcast networks sending multimedia data to

and other PC technologies

continue to merge, users will

not really know exactly

where the multimedia con-

tent for their business or

entertainment applications

staff over their Intranets. Soon, as Internet, DVD

Advantages

around in a virtual space.

Continued from page 6

worlds,

just a

Converging products and services . By Geoffrey Wheelwright

environment. It is everywhere - with computers that telecommunication services. television deals that spawn online services, movies with World Wide Web tie-ins...and the list goes on

The danger in all this convergence is that ordinary consumers - whether at home or in business - find themselves bewildered by what is on offer: sad stories abound throughout the information and communications industry about how it is falling wide of the mark in educating potential users about its converged products and services.

. Consider the story of the company that organised a "focus group" to show off its new system for accessing the Internet's World Wide Web through a TV set. One by one, people were brought in to see the system and shown how to use the remote control to "surf" from page to page on the Internet

Smooth-talking advertising types ushered a New York construction worker into a demonstration booth and showed him a Web page with all kinds of sports information. They explained how it worked - then retreated behind a two-way mirror to watch how their visitor used the system.

They waited as the construction worker just sat and stared blankly at the screen. After ten minutes, an organiser went into the room and asked the visitor why he wasn't doing anything "I'm waiting for the movie to start," he replied.

This response is a classic example of how technological convergence needs to be accompanied by clear explanations to users about exactly what the technology will really deliver. The user. in this case, had no idea that he was not dealing with a passive medium, such as television - after all, the service seas being delivered via a TV set.

It is against this backdrop that converged devices such as the \$329 Philips Magnavox WebTV was launched in the US recently. WebTV is

It is almost trite to talk about technology convergence in today's business Users baffled by fax, fax machines that have computer memories, new telecommunication services,

Christmas season.

fragment and diverge.

supposedly offers.

need to

need to maintain a strong

focus - "rather than throw

everything in the pot" in

pursuit of the opportunities

that a converged market

The key to profitability in

'Media market

participants

maintain a

strong focus'

the media sector is based on

seven principles, he believes.

"Focus on one medium at a

time and don't over-estimate

synergy [between media];

aim for leadership in your

core market; consolidate

your position in a media cat-

egory; target vulnerable

eaders; invest for the long

haul; make it affordable; and

expect declining market

one of the biggest represen-

tatives of the "convergence"

this advice. In its recent

announcement of a vastly

revamped Internet online

service, software giant

Microsoft presented many of

the same ideas for the firture of MSN, the Microsoft Net-

work. The company is

describing the new service -

which resides entirely on the

World Wide Web - as a

trend is following much of

Ironically, it appears that

interest over time."

With rapid advances in IT and new media, potential users are unclear about what systems will really deliver

designed to be an easy and electronics company and means to be online". cheap way to use the Inter- will be watched closely by Part of the Web co net and World Wide Web. using a small device hooked up to a standard TV. And it comes via a consumer electronics company that carries the pedigree of having sucsafully co-introduced (with Sony) the compact disk to the world - and it uses software from an independent company, called WebTV, to

The WebTV box looks like a small desktop computer without a monitor. It plugs directly into a standard TV to give users access to the Internet. According to PCED senior vice president Ed Volkwein, there is high demand for easy access to the Net through any TV receiver and standard phone

"Our research shows that while US consumers have a general awareness of the Internet, the cost of hardware is perceived to be prohibitive," he says. "Consum-ers want accessibility to the Internet without investing in a home computer...they want to experience the Net in the living room, at an affordable cost."

Surveys shows that parents think Internet access would be "a great way for their children to complete projects for homework," he

But there is some concern about access to content they feel might be inappropriate. Philips has a built-in "parental control feature" in WebTV that is supposed to limit access to Web pages that are inappropriate for children. The WebTV system also features a "Kids" icon, which children can use to "take interactive field trips, access reference resources, and other youth-oriented fea-

The Philips WebTV marks the first test of the low-cost 'Internst computer' concept from a leading consumer chance to "redefine what it month. There is also a new traditional media. However,

Part of the Web content is competitors throughout the available free to all Internet users, with the rest requir-But according to Michael ing the payment of a Goreman, a partner with the New York-based managemonthly fee to be a full MSN member. As part of the conment consultancy, Mitchell tent for its members' service Madison, the trend toward areas, it has introduced a convergence is "heavily new TV-style concept, called over-blown" - particularly "Web-shows". These original in the media market. He sug-gests that technology has presentations are divided throughout six different stend led media markets to channels and Microsoft promises "they will offer a Media market participants completely new Internet

> styles". In addition to a big rang of originally-programmed Web-shows that will make their debut with the new service, other OnStage features include news from the jointly-programmed MSNBC venture with NBC television and a subscription to Michael Kinsley's Slate political

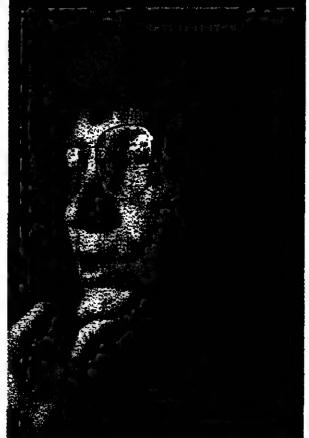
experience for people with

different interests and life-

The nature of MSN's Webshows range from the lowbrow "15 Seconds of Fame" (which gives members a chance to offer their stories about 'memorable' life events, such as "the first time I got drunk") to more philosophical shows such as "Retrospect 360 Degrees", designed to offer a multimedia view on topics such as "history of the future".

Microsoft is putting a lot of resources into the Webshows and is commissioning a great deal of new material from third-party producers in an effort to boost non-Microsoft content. This is shown by the inclusion of shows such as Star Trek, media technologies in terms Continuum and Entertainment Tonight on the MSN

service. In addition, MSN also approunced a new pricing structure that includes what Microsoft calls the "MSN Premier Unlimited* plan that offers unlimited access to the Internet for \$19.95 a haven't chosen to get into



Bill Gates on bringing new products to market: "We have enough money in the bank - and money comes in every day, so we can afford to do things on a long time-scale

Premier Monthly plan for as part of a partnership, \$6.95 a month that includes five hours of usage - which Microsoft claims will give it price/value leadership among all online services. Microsoft says that it does

not expect to make money on the service for at least three years - and clearly takes a long-term view of the entire Internet online services market. Microsoft believes there will be as much as \$15bn in annual revenues generated on the Internet by the year 2000 and it is aiming to win 10 per cent of that business.

"Once again, there is a very different business model - people should be very conservative, looking at us and other interactive of profitability," says Micro-

soft chairman Bill Cetes. "Early investors will do very, very well. As to whether Microsoft is now a media company - yes, we are doing media things, such as hiring writers, artists and graphic artists, but we

sometimes we might end up being an equity owner in something that has that [with MSNBC being a good example L

"From a percentage point of view, you won't see them shifting our industrial code over to the media category this side of the millennium. We are a company selling more than \$8bn worth of software. And the PC business and server business is growing as we are able to use the Internet to deliver the content and have a relationship with the customers." he says.

One of the key constraints, he adds, "is how fast they can bring in great new people - but we have enough money in the bank and money comes in every day, so we can afford to do things on a long time-scale. We are investing many hundreds of millions of dollars a year in

Roccas on educational software and the computer games market: see reports on page 13

Impact of IT on law

reform

II Book review

The Future of Law, by Dr Richard Susskind; Oxford University Press, 1996 (ISBN 0-19-826007-5); h|back, £19.99

r Susskind's book probably the first significant appraisal of the possible impact of IT on legal practice and the administration of justice has two audienous

Firstly, it is aimed at an overt professional audience, defined by Susskind as "lawyers and members of the legal profession".

Secondly, and more importantly. Susskind hopes to appeal to a new audience: a wider one with, as yet, vaguely-defined roles emerging from the convergence of information technology and

Susskind says simply "the practice of law and the administration of justice will be more radically affected by IT than by any other single factor of which we can be aware today".

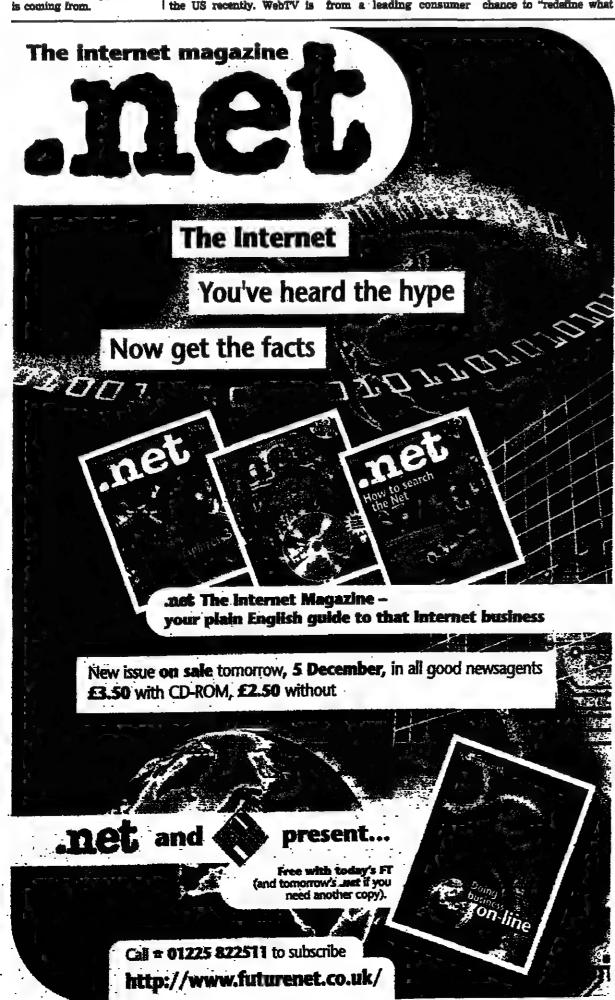
Those who will be involved in this process of change - what amounts to a re engineering of law and how it used" - comprise the second audience that Susskind identifies.

Opportunities

The emergence of a new kind of "legal service provider" to challenge traditional lawyers is an example of the new opportunities Susskind sees. He suggests this will happen within the structure of a re-engineered legal system where lawyers are sources of information, service providers package, market and distribute legal services and solicitors' clients become "users".

He believes that increasingly legal services will cease to be the preserve of established legal firms and

Continued on page 12





Some companies in the retail, banking, travel and leisure sectors lost 18.2 million customers* last year because they delivered a poor telephone response.

Are we getting through to you?

More importantly, are your customers? Because if you aren't benefiting from the up to date features which come with a modular communications platform, you can be sure they aren't.

Some 86% of customers who fall victim to badly handled calls would simply prefer to stop dealing with these companies. Poor response times, inefficient routing and getting cut-off, are just some of the problems that you can eradicate by investing in the right solution

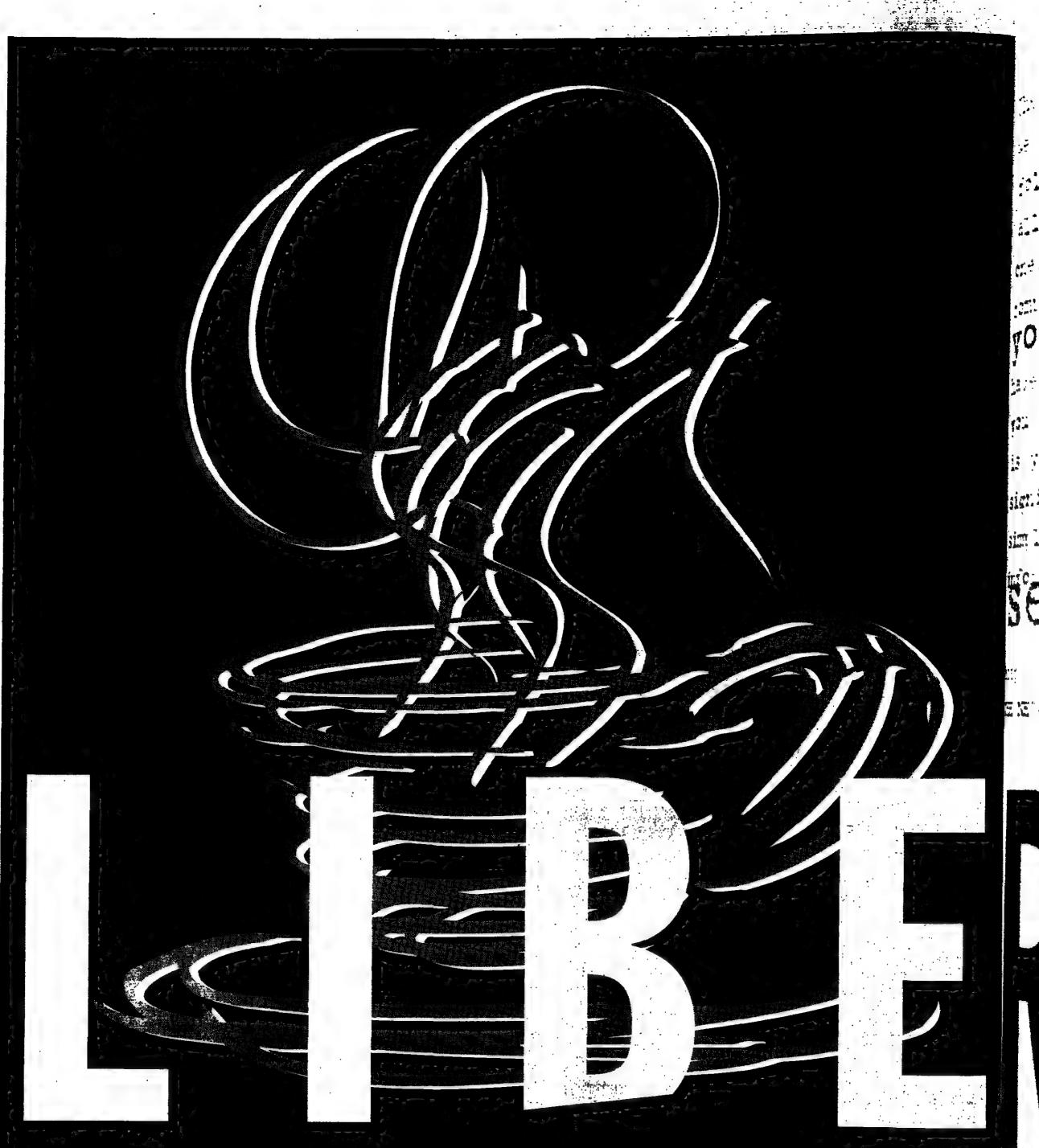
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IT in Asia: Singapore

Х

II 'The Intelligent Island'

Technology underpins Tiger's hopes

The city-state's vision is of a high-tech society where knowledge flows freely

he angular giant that is United Overseas Bank sits on the south side of the Singapore river, opposite the Empress Place building, an elegant relic of the imperial era.

A huge bronze bird, a monumental sculpture by Fernando Botero, dominates UOB's forecourt. In case visitors fail to grasp the significance of the bank's location, a symbol of independent prosperity in the face of a flawed past, the UOB bird carries a plaque proclaiming the power of optimism.

Among the booming Asian Tiger economies, the city-state of Singapore is unique. A population of 3.2 million occupy an island the same size as London within the M25 corridor. Like the urban nations of the Italian Renaissance, Singapore relies totally on trade. It has no natural resources. Practically the entire city has been rebuilt over a mere 20 years and exudes absolute opti-

This is an attitude the government is happy to see in its population, but it has no intention of leaving future success to fate. The government is painfully aware that today's economic prowess could be swiftly eroded as

International focus:

Singapore

Michael Dempsey reports from 'The Intelligent Island'

neighbouring nations aspire to tiger status.

As part of an aggressive policy of maximising all economic resources, it has become the first government in history to focus on knowledge management as a tool of economic status. A healthy respect for laissez faire capitalism is not allowed to stand in the way of intervention, when appro-

'IT 2000' is an ambitious S\$200m scheme that involves pump-priming dozens of IT companies and underwriting



create a society where information flows freely and departments of state work in concert with private industry through paperless com-munication. This vision is frequently called "The Intelli-

Board (NCB) through eight clusters, centred on economic and user sectors, is envisaged as part of every-day life. The blue cars of Singapore's Comfort Cabs Company have begun to sprout radio receivers for the global positioning system pioneered by the US military. Local software house Knowledge Engineering received a \$\$377,000 government grant towards creating a S\$30m fleet management system. This uses a geo-graphical database of the island's roads system and lays taxi positions, constantly updated by the satellite-based GPS signals, on top of road routes. Dispatch-

ers summon up the address

key projects. The aim is to little blue cab icon that is nearest to the customer.

The system, due to roll out in 10,000 cahs, has irritated the trial drivers: they complain that passengers are accustomed to cabs turning up 15 minutes after they phone, and a GPS-equipped The grand plan, pursued driver who promptly arrives by the National Computer in under fine minutes usually has to wait for his fare to get ready.

Local skills

Companies queuing up to contribute to the intelligent island include the French software bouse, llog, (see profile, page 12). Ilog's local manager Mr Bounthara Ing believes that Singapore and its near neighbours will follow their own route in the information age. "Look at the way Asia has caught up: it's not been by using unique technology or different chips, but by making use of packaged technology. The the skills of the people."

Asia's economic growth The NCB promotes ambitious projects with vigour

well as producers. In

regional terms. Singapore is

an expensive business loca-

tion, but companies such as

IBM and Hewlett-Packard

manufacture systems there.

Political and social stability

and motivated workforce are

building Singapore into a

regional hub for far-sighted

IT concerns. China remains

the big prize, but activity

Regist Chinese University

programme involves giving

away software in order to

foster a long-term market.

Mr Ing admits that under

the present climate systems

that are not donated might

be pirated anyway. But flog

is giving S\$1m worth of soft-

ware to an academic pro-

gramme based at Huaxhong

University. The staff at

institutions into a scheme to

present industry-related

products using llog's software development environ

can be co-ordinated from

and funding. But dollars alone are not the key to sucwith IT-based productivity enjoys serious political backing. The semi-official Servits Times frequently leads with the speeches of government ministers, such as environ-ment and defence minister Mr Teo Chee Hean, extolling the virtues of multimedia

This drive for IT supremacy has not all been plain

networks and smart cards.

Internet in a society where rigorous official control is a fact of life has created problems. "A balance must be struck between free access to information and the need to maintain the values of society," was prime minister Mr Goh Chok Tong's observation on the information superhighway.

The government has announced that regulators

related to politics and relisailing. The arrival of the gion, partly in an effort to block any attempts to incite racial hatred in a multi-ethnic society.

ired for

Up to 10 per cent of citizens regularly use the Inter-net, with 100,000 accounts opened so far. Singapore Telecom is expanding its data transmission capacity aggressively, and with 20,000 households connected every month, the internet can only





The port of Singapore. Mr Bounthers Ing, pictured left, of Hog,

Computerised Port Authority

Harbouring even larger ambitions

The largest single container operator in the world is using IT to maintain its position

ir passengers flying into Singapore are greeted by a startling illustration of the island's trading status: hundreds of container vessels moored in the Straits, waiting to enter the port.

The Port of Singapore Authority handles 400 ves-sels every day. Mr Eric Lui, a former marine engineer who moved into FT in 1981 and now directs information. systems for the PSA, is responsible for finding new ways to squeeze extra value out of this huge operation. Mr Lui's world is domi-nated by the container industry metric of Twenty Foot Equivalent Units, or

Tills. A 40ft-long container

counts as two TUs, and ports

are rated in terms of the number of TUs they process. The PSA claims to be the world's largest single container operator, with 21 million TUs processed in 1995. Arch-rival Hong Kong natches Singapore's productivity, but only through the efforts of three separate operators. The PSA anticiites handling 16 million TUs a year as it maintains an annual growth rate of around 10 per cent.

carriers on to smaller vessels

core activity. A huge proportion of goods moving between Asia and the West passes through the PSA's hands. Mr Lui knows that competition for this lucrative trade can only become more intense, "We are fighting hard to maintain Singapore as the world's number one port," he says.

Activity

From the sea, the high-rise business centre of Singapore is obscured by a forest of cranes lifting and shifting containers. This frantic activity is co-ordinated by 28 planning staff. With around 400 cranes active on the quays, movements have to be limited and planned meticulously to avoid collisions and blockages. Tenyears ago the PSA employed 25 planners, but they only

handled 2m TUs. The PSA's first venture into advanced software began in 1986, as it struggled to manage an explosive growth in traffic. It wrote a knowledge-based system, incorporating the professional expertise of its planners, but the KBS school of software proved inflexible in a constantly shifting envi-

Singapore's status as a ware building blocks from financial and logistics cen- llog in order to boost the tre. Transhipment, shifting productivity of its in-house containers from large bulk developers. The idea was to equip them with programs that would promote the cre ation of small, local working routines. "log's contribution is to provide a tool that various forms of logic into use. The programs that result can help to increase productivity," says Mr Lui. "We wanted to write software that would send crane operators in the right direcion, generating instructions to treat bottleneck areas of a ship by allocating that job to the most experienced crane

> The PSA has implemented four suites of planning software, addressing ship, yard and berth planning with an system. Development costs amounted to around S\$10m. One Stratus fault-tolerant computer sits at the heart of the PSA's planning section, in an air-conditioned block decorated with outstanding performance awards. Pride of place belongs to a citation for 229 container movements from one Danish Maersk Lines ship inside one hour, in July 1997

A bank of screens shows shipping data and live ed-circuit TV images of activity on the quays. Each screen running the planning

Continued on facing page



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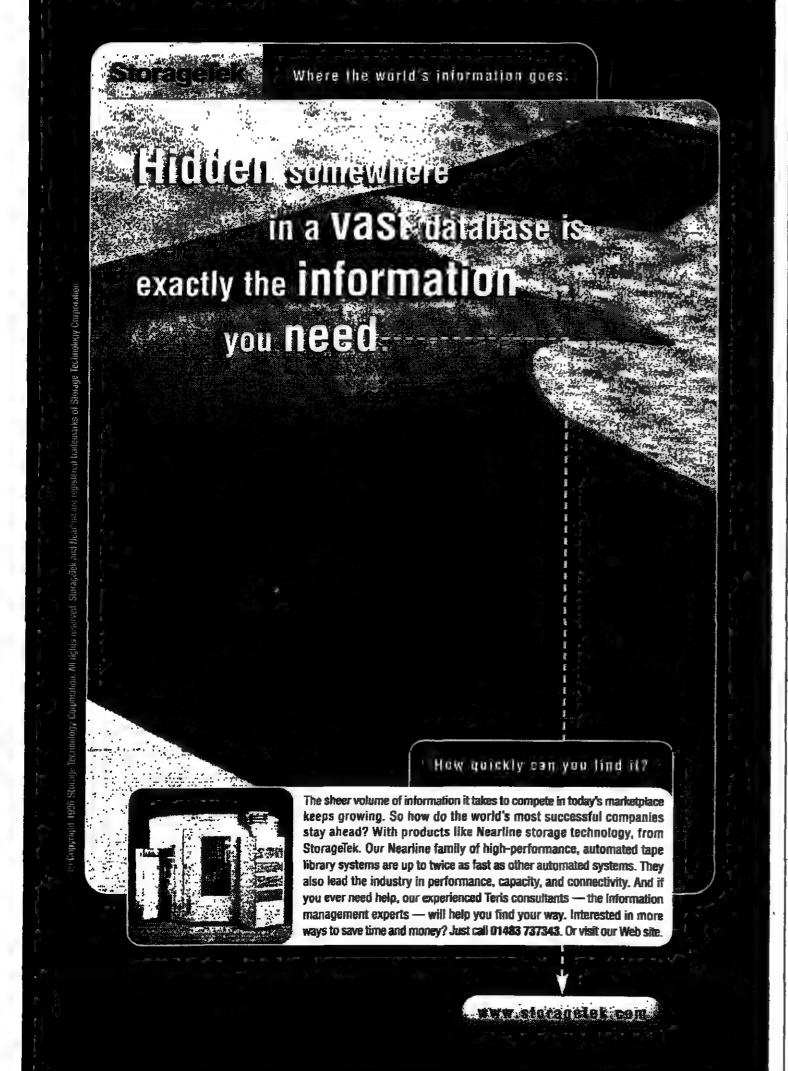
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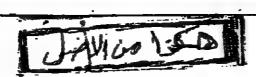
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IT in Asia: Singapore :

Strategy for a networked society

Government aims for mass access to keep city-state competitive in 21st century

uppets boxing each other's shadow are a feature of traditional plays in parts of Asia. Stephen Yeo, chief executive of Singapore's National Computer Board, thinks they bear a useful message for state bodies tasked with promoting industrial activity.

"If government lacks the will - and support for IT is just words - we will all be wasting our time," he says.

We want to avoid shadow boxing, so we're very forthright with industry. We share information as much as possible. In a word, it's all very straightforward here."

Yeo is the NCB's fourth director in 15 years. Oxfordeducated and relaxed, he is acutely conscious that the NCB is only one component of Singapore's future eco-

nomic growth. The NCB owes its existence to what Yeo describes as a "unique situation".

Government intervention was required to get started the raft of programmes that. constitute the 'IT 2000' initiative (see facing page) The NCB has allocated \$200m for IT 2000, but most of its budget comes from government departments. Yeo says 75 per create a "paperless econdling digital data are going into 20,000 addresses every

Key target

ever

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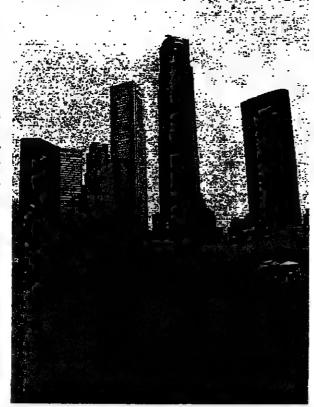
\$P\$ \$ \$ \$ \$ \$

As government ministers. eager to encourage citizens to think in terms of internet access, have pointed out, these connections mean more than cable TV.

"We're talking about wiring up 800,000 homes in Singapore." says Yeo. The Housing Development

or 'flats' where most Singaporeans live, are a key target. The cream-coloured the standards of much West- move into new areas." communal ground floor that the NCB wants used for mass computer access.

Yeo joined the NCB in 1981 from Singapore's Defence Ministry, where IT in command and control in air defence systems was his main concern - with an the most competitive nation objective little different from



Singapore's financial district; the city-state has recently been voted 'the world's most competitive nation

the small population busy. Singapore's military faces the same difficulty as every other enterprise: how to maximise human resources.

As a reserve artillery officer liable for annual call-up, Yeo is expected to stay abreast of tactics. The army cent of the infrastructure to now uses computer-based training reducing demands omy" is now in place Cable on professional instructors connections capable of han- at a new military academy at a new military academy where every officer cadet has a computer terminal by his bunk.

This urge to adopt leadingedge techniques might be mistaken for a vogue. But behind the startling facade of Singapore's economic miracle lies a fear that other nations may be about to repeat the trick.

"We used to produce half the world's disk drives, then we saw factories opening up in Malaysia and Indonesia, says Yeo. "Our position in Board's blocks of apartments that market was no longer tenable. So we started encouraging investment in wafer fabrication plants. We blocks, startlingly clean by face a constant drive to

which make up about 60 per cent of Singapore's non-oil exports and are seen as a barometer for the electronics sector - climbed by 1.7 per cent in October, after two months of decline.

Singapore, recently rated on earth by the World Economic Forum, intends to With full employment and a keep its poll position. IT 2000 booming economy keeping should increase its attrac-

tiveness to outside investors. Yeo emphasises that Singapore intends to be more than a convenient port halfway to

"Our vision is that local companies and multinationals can use Singapore as a test-bed," he says. "We're small and manageable and from Singapore you can project into the whole region. Singapore's cost-base, with high wages, dictates the

terms on which it competes "we can't make a living out of being programmers. Look at India: in one year they turn out 25,000 graduate programmers. It took Singapore ten years to develop a pool of this size".

Multinationals

Instead, Yeo foresees a strategy of working with multinational corporations to bring R&D facilities to the island. One such venture is Singapore Network Services which provides an electronic document-handling system that processes 90 per cent of such material in Singapore. from th was soon-off NCB in 1989 with a mission to cut the three-week approval process that dogged trade agreements at that time. Its electronic exchange reduces the time taken to 15 minutes. Singapore's refusal to rest on its merits means SNS has now been charged with cutting the 15-minute time-frame down to a matter

Yeo's husiness card sports the NCB's new logo: blue ripplas spreading out over a pool - "most people see technology as a crashing wave," he observes. "We want it to I Innovations at Changi Airport

Wired for growth A pivot for Asian business

New software helps to speed up passenger services

world's most sophisticated parking lot. A huge picture window opens on to the tarmac of an airport that handles 450 aircraft movements, most of them large planes, every day.

The hulls of Singapore Airlines Boeing 747s rise over each pier housing the passenger gates. Apron Control is very much in touch with the outside world. Those areas of the airport that are not visible from Apron Control's windows are caught on closed-circuit TV monitors that constantly scan cargobandling activities.

The assistant apron superintendent, Mustaffa Othman and his colleagues, do not have too much time to spend admiring the view. They

Object-oriented

software makes

process faster and

O anyone confused by

the IT industry's

obsession with object-

oriented software, Singa-

pore's Public Works Depart-

ment offers a simple expla-

To the human eye, the

lines and curves on an archi-

tect's bineprint form shapes

recognisable as walls. But

computer programs only

began to grasp this type of

relationship with the advent

of object-oriented systems.

Intelligent object-based com-

the tool in question.

puter-aided design, or Cad, is

sion of the PWD has turned

to this technology to cope

with the flood of planning

applications created by Sing-

growth. The PWD has

achieved its goal of what it

describes as an intelligent

drawing, but this involved a

journey encompassing abor-

tive projects and IT capabil-

ity stretching back 14 years.

In 1982 the first Cad

systems were appearing on

the market and the PWD

was a partner in a large US-

pore's rapid ec

The building control divi-

the planning

more efficient

■ Computer-sided design

incoming aircraft, trying to certain rules. We needed to reconcile the flow of incom- start out by looking at what ing passengers with baggage carousels and aircraft turn- out clear goals such as 'how eyond the door around times. Until recently, far should passengers have Marked 'Apron Conthis was a labour-intensive to walk to get their bagtrol' at Singapore's task involving paper charts gage?"." Ms Lim recalls. Changi Airport, lies the and coloured diagrams. That was until Changi implemented its S\$1.5m Intelligent Gate Management System,

> Knowledge Engineering, a S\$3m 14-strong local company won a \$\$180,000 grant from the Singapore government to develop a luggage belt allocation system for Changi. But this grew into a larger project that reflects Singapore's status as a pivot for Asian business. Ms Lim Kwee Enn, who

or ITGMS.

founded Knowledge Engineering, wrestled with the challenge of writing software that could be trusted to manoperations at an interna-

"We had to use constraintbase programming, employ-

Drawing on new systems

applications. Mr Wong Wai

Ching, building plans chief

at the PWD's building con-

this project was doomed to

failure. "The technology was

not mature enough to do

this. In the following six

years we tried to automate

building checks and fire

requirements, but we were

In 1991 Singapore's

National Computer Board

approached the PWD to par-

ticipate in an initiative

aimed at highlighting the

application of artificial intel-

ligence (AI) technology. At

that time the frantic rebuild-

ing that saw rows of tradi-

tional shops and houses

yielding to prestige commer-

cial development had slowed

down. But a new emphasis

on refurbishment of older

properties meant the PWD

still wanted a way to stream-

line the approvals process.

asking too much.

must allocate gates to ing software that worked by we had to achieve, setting

Changi Airport wanted to make as much use as possible of fixed gates, the covered gantries that marry up with cabin exits. If most aircraft can be allocated a fixed gate before landing, then the practice of bussing, which is unpopular with passengers, can be reduced or even abol-

Ms Lim has worked as an 'artificial intelligence' consultant for ANZ Bank, putting expert systems into use, But the notion of expert systems, embodying the professional experience of the customer's own staff, does not suit a rapidly changing age a huge part of the situation where decisions must be taken in real time, she says - "with gate-allocation, you don't just pick one flight at a time and deal with

The Japan-Singapore Al

Centre, an institute spon-

sored by the NCB and

plied by the Japanese gov-

ernment, assessed the PWD's

needs. It recommended soft-

ware reasoning tools from

Hog to interpret building

drawings. This component

was a primary ingredient.

but the PWD still had to add

its own collective expertise

in checking plans. Ilog soft-

ware created the basket this

knowledge was dropped into.

The aim was a system that

would be open to architects

The construction real

estate network, known as

Corenet, was under develop-

ment at the same time. Core-

net is a local area network

linking computers within

the PWD and allowing the

Continued on next page

and designers seeking clear-

ance for their plans.

trol division, explains that staffed with consultants sup-



Airport briefing: Mustaffa Othman, right, explains the new streamlined system to Michael Demosey

that. The end-result should be that you're dealing with every flight that day"

Knowledge Engineering wrote a program for Changi that condensed a daily threehour planning session into ten minutes. What Ms Lim terms a 'constraint processing engine, a software routine that embodies the real world response of Changi's Apron Control staff, was the core of this system. But Ms Lim and her colleagues had to learn just what drove the working day of Mr Othman's team before they could devise a replacement for the paper sheets that dictated where aircraft parked and bow baggage was distributed.

Initially, Mr Othman retained a professional scepticism about the chances of a computer program replacing the charts and shaded boxes that kept Changi's runways clear: "Knowledge Engineering was not involved in the aviation industry so they were developing this system from scratch. We spent many, many hours in discussion with them."

Mr Othman now admits that his team started out with a rather wary attitude to IT "interlopers." But, in practice. Singapore's attraction to efficiency proved a key selling point. ITGMS is "very user-friendly", and at Changi, apron controllers soon found that dealing with a screen-based depiction of the airport made a difference. Opposite every active gate the system displays the

aircraft are currently loading and unloading; 'blue' outlines indicate an aircraft will arrive at that gate within 30 minutes.

ITGMS would be worthless it worked to rigid rules. But Ms Lim's rejection of formal expert systems in favour of constraint-based programming techniques that allow variables to be fed in within chosen parameters, works at Changi.

As I watch, computer screens in Apron Control flag-up the sudden arrival of a VIP flight from the neighbouring oil-rich state of Brunel. A note from the Ministry of Foreign Affairs advising of this important but unexpected arrival threatens to wreck the day's gate allocation schedule. ITGMS shows not just those gates with VIP facilities, but can demonstrate the knock-on effect of picking any one VIP gate on every other flight.

Othman allocates a gate to the Brunei jet, confident that its passengers will receive the right services without disrupting the arrival of thousands of other people. By clicking a mouse on the outline of an aircraft, be receives data listing the number of passengers, place of origin and departure time of that flight. Putting each flight at the best gate for baggage reclaim is integral to the purpose of lTGMS: "We have a target - 12 minutes after the first passenger walks off his flight, the first haes should be rolling off the outline of an airliner: 'Black' luggage carousel."

government sponsored programme to lend computer know-how acquired by Washington's Department of Energy. The PWD attempted to hitch the DoE's energy simulation program on to an something that is quiet | early Cad system from Interand gentle, but is still felt by graph to automate planning

one are a former curve without some Purposit or a reasonal technical. Windows 90 is

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Stephen Yeo: 'We aim to wire up 800,000 homes in Singapore' DEDICATED TO EXCELLENCE IN TEACHING AND RESEARCH

Port's efficiency

Continued from page 10

systems contains a vertical axis showing the window in time that vessels occupy. while a horizontal axis demonstrates which wharves are

With docks stretching for several kilometres the PSA uses a fleet of vehicles. Its 40-strong development team has employed the Ilog program to devise a maintenance regime that reduces downtime on equipment to a

The objective is to get a technician to any piece of equipment that breaks down within 15 minutes. Every ehicle and crane poss an onboard terminal. The driver responds to any failure by keying in a code indicating the nature of the fault. The PSA's 16-channel radio network transmits fault reports to the engineers' department.

Schedule

Before the maintenance group got its job-scheduling system, work was done sequentially, with engineers Now the PSA generates a list dealt with by one engineer in one go.

The PSA's IT department donned hard hats to research this system. Ms Poon Keen Pui, a systems analyst who joined the PSA straight from university, clambered up to crane operators in cabins 10 storeys above the quays. The engiteam understood every com- goo of efficiency.

ponent of dockside perations

Crane operators, accustomed to eight-hour stints in their cabin with food hauled up from the dock by rope, were initially reluctant to adopt the PC with its wire less network link. Once the Ecos was understood as a useful tool rather than a management spy, however, it became part of the working regime.

A new quay scheduled for 1998 will have the capacity to operate unmanned vehicles. The PSA has a vision of cranes and support vehicles operated remotely, transforming sections of port management into a highvalue computer game. But despite the availability

of unmanned equipment from Japan and Germany. the PSA is keeping its distance from this technology. Current figures for mean times between system failures do not impress Mr Lui. The PSA is developing its own software to replace suites onboard these

The competitive pressures on the PSA remain intense. working down a list of Every IT-generated advance vehicles to be overhauled. in productivity keeps Singapore abreast of developof similar tasks that can be ments elsewhere in the region. The PSA, says Mr Lati, guarantees trouble-free service - "if a vessel carrying 2,000 TUs arrives here, we will turn it around in 18

The PSA boasts double the productivity of the Asia Pacific region, but its charges are significantly higher than other ports. neering control operations Business will only continue system (Ecos) would only to flow through these quays work if the development if the PSA remains a para-



Computer-sided design

Saving money in public works

Cont'd from previous page:

building plans system. known as BP Expert, to join in a wider process of planning approval.

A human computer interface phase of development, testing out the proposed BP Expert with the PWD employees who would be using it in the near future, led to subtle changes in the software. The number of steps it took for a user to 200m in on one aspect of the architectural drawing was reduced while more efforts were made to ensure that BP Expert conformed to the familiar world of Windows.

Mr Wong says: "When we started on this programme we had two criteria: the outcome must be user-friendly, because we had already experienced poor user-interfaces with software from some companies. And it had to have a direct Cad interface. Systems that require human intervention to translate the planning information into a form the Cad program can understand are very manpower-intensive."

Requirements

Singapore's Public Works Department was determined to get a system that could do its own diagnostic work. Its officers knew that most of the architects' draughtsmen producing building drawings used some form of Cad. Many Cad systems on the market, such as the current offerings from Intergraph, permit a certain amount of automation. Lines and curves can be created automatically, says Mr Wong. We call this feature-based

The idea of feature-based Cad allows the PWD to stipulate which set of attributes belong to a material type, which in turn dictates the fire and safety regulations pertaining to that part of the

The US software house, Ketiv Technologies sells ArchT, a program that runs on top of automated Cad programs, for S\$3,000. ArchT is used by the PWD to bridge the gap between its vision of intelligent drawings and the current crop of Cad tools.

Mr Wong intends to jumpstart the Singapore construction sector's participation in BP Expert by giving away technical specifications for the software and encouraging them to adopt systems such as Ketiv's ArchT. "In order for industry to use this feature-based Cad, we must 'usher' them in to it."

The PWD tries to deal with the private sector on a co-operative basis. A CD-Rom model of BP Expert, honed down to allow architects to create an application that can be submitted smoothly to the PWD, is now for sale. The price is nominal, but represents one small effort by a public body to recover costs without trying to profit out of providing an important service.

The BP Expert program has cost S\$6.75m. Corenet, a far larger undertaking, is budgeted at over S\$100m. But the baseline investment in these systems means other undertakings will cost

A parallel scheme to automate structural planning, SP Expert, is already under way. With BP Expert one hotel floor plan can be fed into the system in around five minutes. Previously. this represented an entire day's work.

The new approach "gives the architects and designers a consistent, authoritative version of the different scenarios. With a copy of BP Expert running in his office, an architect should be able to check alternative designs against the combined knowledge of the PWD before submitting a plan."

Mr Wong thinks this software can replace an adversarial relationship between private contractors and civil servante with a constructive. service-oriented approach. The new method adopted by the PWD should save architects from constantly going back to the drawing board.

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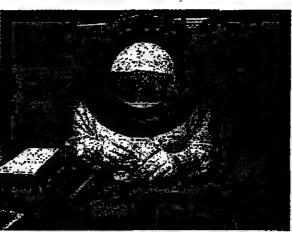
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er with clearly defined goels: Mr Lim Jul Khiang director of Adroit - see multim

■ Profile: Pierre Haren of llog

A war on complacency

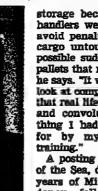
Pierre Haren, founder of Ilog, the software development company behind many of Singapore's 'IT 2000' projects, knows how make tough decisions

The French software house Ilog - which has a subsidiary in Singapore - has been called the "Lego brick" manufacturer of software: "constraint-based programming is the correct formal technical title to describe its product range. Ilog makes spare parts software that offers short-cuts to project development teams.

The full company name is Intelligence Logicielle, but like so many IT companies whose products grew out of the 'artificial intelligence' (Al) school. Ilog is keen to locate its work in the real world and avoid the AI tag -"we don't worry about trying to make an expert system that is smarter than people. But we do try to find

better ways to program". Pierre Haren, founder and president of Ilog, earned his spurs at the top of the French civil service. In the course of his studies at the intellectually highbrow Paris Ecole Polytechnique, a centre that instils an understanding of science and technology into the senior ranks of French bureaucracy, Haren took an option in soci-

In the high-octane world of the Ecole Polytechnique. this was not a self-indulgent venture into academically unsound territory. Haren recalls a series of tough



Plante Harrent Rog could be

estenments, studying business problems: "One company we visited was a small 99 per cent of the French market in one type of TV emitter. But we found that their main problem was not technical - it was a power struggle between the head of technology and the head of the company. Their R&D was too advanced and it wasn't going to result in real products.

Another study that left its mark on Haren involved an attempt to optimise the use of cargo pallets at Orly Airport: "A huge stock of 3,000 rented pallets were kept in

avoid penalties for leaving it was assumed that Ilog's cargo untouched due to a possible sudden shortage of pallets that never occurred." he says. "It was my first real look at companies and I saw that real life is more bizarre and convoluted than anything I had been prepared for by my mathematics

A posting at the Ministry of the Sea, during the early years of Mitterand's presidency, followed. Haren's brief ranged from fisheries to naval architecture. He introduced the ministry's first computer and axed a prestige project to launch a million-ton nuclear-powered oil tanker. To Haren, this

was "blatantly a crazy idea". He remains proud of his ability to take potentially unpopular decisions. Another victim of Haren's campaign for reason and restraint was a proposed huge passenger hovercraft -"it would have slid around like a scapbar," is Haren's blunt obituary on this technological dres

He tried to shift ministry funding towards smaller enterprises, but grew frustrated with the slow life cycle of most projects. The accelerated development that seemed to characterise software projects drew Haren to France's Inrea national research centre for compater science

In four years he created a 20-strong team who formed the core of llog when Haren turned his back on governmotto was that good ideas in Artificial Intelligence are in fact better ways to pro-

According to Haran his notion was "hardwired into the name of the company". The ensuing nine years has seen Ilog grow to a \$21m company with 200 employees and a Nasdaq listing in the

The image of a warehouse full of cargo pallets languishing at Orly still influences Haren's outlook: "My early training was largely in negative experiences. But you rarely discover what not to do. That isn't considered to aren't explained properly." Logistics has proved a

lucrative market for Ilog's products and consultancy. The Port of Singapore Authority equipped its programmers with Ilog systems so they could devise the most cost-effective way of turning around container traffic in the bare minimum of time, see report, page 10. Asia Pacific has proved an inexpected money-spinner

storage because the cargo for llog. With skilled staff handlers were concerned to costing less than in the west, main selling proposition, the ability to slash development times and maximise human programming resources, would lack impact. But the keen to leapfrog bottlenecks frequently encountered in the west Businesses are swift to look beyond the technical detail of an IT project and identify its impact on the bottom line. So Ilog's best-selling tools, Ilog Solver and Ilog Schedule, have proved a big hit.

Clear message

Ilog's apparent success has only spurred Haran into a war on complacency. He files economy-class when travelling long-haul, and lectures company's far-flung empire on the dangers of assuming Ilog has secured its place in constantly-shifting industry. Employees recall with amusement his announcements that "we haven't even begun to succeed," but the message is clear: liog has to choose where it goes from here.

Haren's anthem is that his company can become the Intel of software, an item of core knowledge that rests deep behind the facade of common applications. Relationships with Sun, Hewlett-Packard and Informix have all been formed, but Haran is determined to maintain independence. There are too many forces in the world at the moment. I wouldn't describe our work with these organisations as alliances, but we are good friends.

Ilog looks set to remain a force apart, pragmatic about its small size and happy to work alongside even smaller, start-up companies in areas such as the East Asia.

The man who wielded the axe against pet projects in a Paris ministry is still prepared to ignore orthodox thinking. With two children demanding access to the computer age, Haren bought a 486-based computer for home use. His wife was sceptical about its benefits but was won around when she discovered how Internet access could assist in her theology degree.

Haren is not impressed by IT industry suggestions that all '486' computer users owe themselves a Pentium chip upgrade: "We will skip the Pentium generation and buy a 686 type machine, when

His domestic IT policy sums up llog's attempt to keep a safe distance from an unpredictable industry.

II The Putper of Law IT and legal services

Continued from page 7

legal practitioners, but as legal services are delivered by such routes as the Internet and are developed into a raft of legal services aimed at many needs, addressing "types" of legal issue, big accountancy firms and consultancies will enter the market.

The result, says Richard Susskind, will be a cheaper, more flexible legal system that can cope with what he calls "a hyper-regulated society". He adds: "We are all subject in our social and working lives to a body of legal rules and principles that is so vast, diverse and complicated that no one can understand their full applicability and impact."

Susskind is realistic about



Richard Susekind: reelistic bout the three frame

Dr Susskind, a London lawyer, writes in today's separate FT-IT Guide, "Doing Business On-Line".

He is visiting professor at the Centre for Law, Computers and Technology at the University of Strathchyde and sits on the court of the Worshipful Company of Informa-tion Technologists in London.

Philip Manchester

Multimedia in business

Success in a niche market

im Jui Khiang, pictured, left, wears his Imanaging director title lightly. Adroit, the S\$5m (£2.28m) software house be founded three years ago. addresses a niche market multimedia system integration - and half of his 50 staff are artists and designers, rather than software pro-

Mr Lim may have 11 years with IBM Singapore under his belt, but his new home in Singapore's science park, near the university - is a far cry from the sombre office block owned by the US industry giant in the city's pusiness district.

Mr Lim jokes that Adroit's new office happens to be diagonally opposite an IBM facility, but does he still mix with former IBM colleagues? 'With some of them," he replies with a laugh.

With a small base and a very definite market in mind, Mr Lim thinks focusing on clearly defined areas is the key to success. "As a small organisation, we don't want to attempt to produce proprietary products. We sim to add value to systems using Microsoft Windows and Windows NT," he says. As an example he points to one of Adroit's financial-sector clients. Standard Chartered Bank's MoneyLink Centres offer 24 hour banking facilities. The key selling point of MoneyLink terminals is that they permit retail customers to talk live

Standard Chartered had no need for an entirely new technology to deliver this facility. Instead Adroit wrote a Kloak Operating System on top of a conventional PC

"The company was prepared to employ applications development programs from third party software houses. This let our multimedia development people concentrate on the interface," says Mr Lim. The Standard Chartered Bank contract was worth nearly S\$1m and the attraction of a multimedia solution owed more to tim-

ing than technology.

"Four or five years ago, the pricing of multimedia products was not appropriate," Mr Lim recalls. "The constant rule of falling prices meeting market approval applied, as is usual in IT. Three years ago, you needed an adapter card to use video images on your PC. Today it comes with the PC and you get a better quality image.

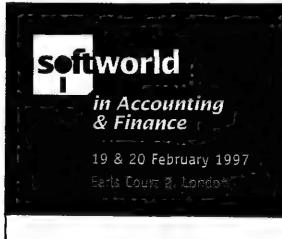
Adroit's key weapon is a set of tools written in house that allow non-IT specialists the artists and designers that comprise half of Mr Lim's staff, for example - to build and use a multimedia system. The S\$1.6m Singapore Airlines Training System is one project which benefited from this

The airline wanted an IT system to enhance its cabincrew training programme. The package had to be flexible enough to accommodat changes in airline regulations and simple enough to be maintained by a clerk. Adroit began by defining the skill set needed for the person using the system, and then worked backwards to produce a tool that could be used by any employee familiar with Microsoft Word and the popular presentation package, Powerpoint.

"The only thing that's con stant in the aviation business is change," says Mr Lim. "Every week they get a stack of memos outlining new procedures. That was the primary challenge in designing the SATS."

Ease-of-use of its products is key to Adroit's success. This is driven by Mr Lim's careful balancing act in recruiting personnel from both within and beyond the IT world. Referring to the creative and analytic functions of his staff, he quips: "We have both sides of the brain in one company.

From a turnover \$\$1.2m, its first year's trading to S\$5m in year two. Adroit has clearly made the most of this unusual for



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the time frame for this vision to be realised, however. He says that "the technology will take longer in AMP coming than the IT evangelists anticipate". He estimates it will take about twenty years. Reading this book could be the best

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Game

sales

home

Software

III US market . By Louise Kelice

From the latest Star
Wars "shoot 'em up" to engaging reading lessons for six-year-olds, the shelves of software stores are now packed with computer games for children of all ages.

The multimedia personal computer has become the ultimate game machine, with sales expected to jump from \$15bn in 1995 to \$30bn this year, according market analysts.

Microsoft's Windows 95 has established a solid standard for multimedia compatibility and the problems that many personal computer-users encountered with installing and running early CD-Rom games, are now his-tory. The latest generation of PC games come to life as soon as you close the CD-Rom drive drawer.

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Software publishers are hoping that these developments will give a boost to flagging sales of "home computer" software - including entertainment, creativity and education programs.
North American sales for the first half of 1996 were \$765m, down four per cent from the same period a year earlier, according to the Software Publishers' Association, an

industry trade group.

Competition in the home computer software market is intense and prices are begin-

Games boost sales of home PCs

Focus on the market for PC games and educational software

bigger share of the market. The "bad news" for PC game players, however, is that the latest games software takes full advantage of advances in PC technology. ware developers vie for a If your PC is more than a.

not be pleased with the performance of the new multi-

These games run best on a PC with a fast Pentium processor and the latest graphics and sound systems. The more memory you have, the better: 16Megabytes is a good target. CD-Rom drives need to be at least "by 4" speed, to avoid jerky video and unsynchronised speech.

For PC game buyers, however, the biggest challenge may be choosing among hundreds of software titles. Mistakes can be costly. Traditionally, computer stores have insisted that software is "non-returnable" because a customer could load a program on to his or her computer before returning the product.

With most PC games now sold on CDs, without which the program will not run, there is no longer a good reason to continue this practice. Still, it remains the norm. Help is at hand. Some



Internet research will make picking the winners among the hundreds of games stocked by computer "super-

Newsweek magazine has

created a Web site directed at parents buying software for their children: (www.NewsweekParents-Guide.com). Focused primarily on educational software for two to 12-year-olds, it provides reviews of the lat-

Happy Puppy Games (www.happypuppy.com) is a good starting point if you want to find out about the 'hot' game titles for teenagers and much older kids. For the latest in online games that enable players to

compete remotaly, over the

Internet, try Engage Games

(www.gameson-Online line.com). Now on 'beta test'. this site promises dozens of multimedia online games

Perhaps the only drawback of the Internet sites is that they tend to focus on the latest software, which is not necessarily the best. Stalwarts such as KidPix. from Broderbund, a children's drawing program and Oregon Trail, from Mecc, an American history lesson program that is celebrating its 25th anniversary this year, remain sure fire winners.

Similarly, the various editions of Carmen Sandiego, the Broderbund detective games that teach geography or history lessons painlessly,

These popular computer games keep coming back in undated versions that take advantage of the latest PC technology. Another classic is Star Wars Rebel Assault II. from LucasArts Entertainment. They are big winners among the generation of

teens who grew up playing

the originals. Variations

Many games software publishers have parlayed one winning program into a series. The Maxis series of simulation games that started with Sim City, now has at least a dozen variants. Sim Golf and Sim Copter are among the latest.

Storybook.

But there is something to

suit all tastes on the 'games'

isle of the software store.

The Beavis and Butt-Head

programs from Viacom New-

media may not win parental

The 'Dr Brain' puzzle games set from Sierra On- approval, but they are sure-



Line is into its fourth ver- fire winners among their young MTV fans - "Little sion with a new Time Warp puzzle. Another set of games Thingies" features, for examgrabbing the attention of the ple, a spitting competition in younger set is the Munchers series of quizzes from MECC. One of the fastest growing ters target passers-by. If you are looking for something more highbrow, segments of the home com-

puter software market is pro-Smart Games from Random House is a good bet. This program includes over 300 grams for very young children. Among the 'educational' programs that are selling well in the US. brain teasers for 14-year-olds and up. Younger children according to the SPA, are may also enjoy some of the Freddi Fish from Humongous Entertainment and Disney's Toy Story Animated

The top hits of the season are, however, expected to be Quake, Doom and Duke Nukem 3D, all from GT adventure games have captured the imaginations of the teen-age boys who remain the biggest buyers of

■ Video and online games • By Tom Foremsid

Big scope for games in cyberspace whelmingly young and male Championship, designed to seeking to enjoy the social ever, will require substantial

By the end of the decade, 10 million US households are expected to be accessing online games in one form or another

The video games market is rapidly heading L towards multiplayer games and the Internet as games developers realise that the old model of producing games just for videogames consoles neglects new sources of revenue.

In terms of the traditional video games market, Nintendo recently introduced its 64-bit based systems which success in the games mar-

The online and Internet games market is set to become a significant revenue source within the overall online/Internet industry, says the US market research group, Jupiter Communica-

Over the next four years, the online games market. which includes Internet and online services, will account for 11 per cent of total Internet industry revenues by the year 2000. This compares with about a 2.5 per cent

The revenues for online games will come from a variety of sources. These will include hourly charges paid by game players, subscription based games, advertising, pay-per-play charges.

The online games market also differs in one important aspect, notes Jupiter. Users do not need to purchase the game but will be willing to pay as they go, similar to coin-operated arcade games.

Jupiter estimates that revenues from pay-per-play charges and advertising. which each accounted for one per cent or less of the market revenues in 1995, will the year 2000.

Players will gain access to mes in a variety of ways. This will be via World Wide Web-based sites, through online services such as AOL, through direct dial-up networks such as DWANG, and through stand-alone games consoles that have been upgraded for interactivity. An example of this is Net Link for the Sega Saturn

Analysts forecast that by the year 2000, about 10m US households are expected to be accessing online games in one form or another. This trend is being fueled by big investments in small -start-up companies and by large companies, such as Sony and AOL.

"It used to be that online 'gamers' were an over-

constituency. As the genres games and action games, online games are appealing to a broader demographic profile," Jupiter says.

The US video games company, 3DO, recently said it is re-organising its operations to concentrate on online games and it might sell its hardware business. It has already introduced an online game called Meridian 59. which is played over the Internet. "The Internet - and Inter-

net entertainment in particuprovides impressive graph- account for 37 per cent and" lar - is a huge opportunity," ics, but better graphics alone 25 per cent respectively of says Trip Hawkins, chief might not be enough to total online and Internet executive of 3DO. "We are entirely on the challenge of building a strong entertainment software studio, with the Internet as a catalyst for growth. Meridian 59 is only the beginning of our Internet

Global players

Sega Saturn Net Link allows Saturn videogame console owners to upgrade via a modem and special software to use Internet connections to play against other players. It also offers Internet services that turn a television set into a web browser with the use of proprietary technology that sharpens the resolution of TV screens. Early next year, Sega will

video game, Sega Rally

be used on Net Link. It will of online games shift beyond link players across the Intertext-based role-playing net. Sega says that several third-party game companies, including Capcom and GT Interactive, are planning to deliver Net Link games in

Along with online game playing, multiplayer game demand is on the rise. A survey of 2,700 video game-players by US-based SpotMedia that about 75 per cent would likely not buy a game if it does not support multiple players. And about 27 per cent say that are planning to buy multi-player games.

Around a half of those surveyed say that they would month to play against others on an online or Internet based service. One of the problems in

playing games with other contestants is trying to match players with similar skills and interests. A leading video games developer, Electronic Arts, has introduced its Multiplayer Matchup Service which links games players. Logging onto its web site, http:// details such as name, location, e-mail address, game preferences, skill level, hard-

ware type and modem speed. A search engine then sorts players by various criteria, allowing players to find willing participants and challenge each other or set up

"Whether consumers ar

aspects of computer gaming investments by cable TV or the quest for fierce competition, the Multiplayer companies to support data Matchup Service will pair transfer rates that are as players with similar inter- much as ten times faster

For online games to really start taking off, users will need faster Internet access. This will come from greater use of cable modems and Communications, reveals also from modems using asymmetric digital subscriber line technology that can operate over existing telephone lines.

Services.

These technologies, how-

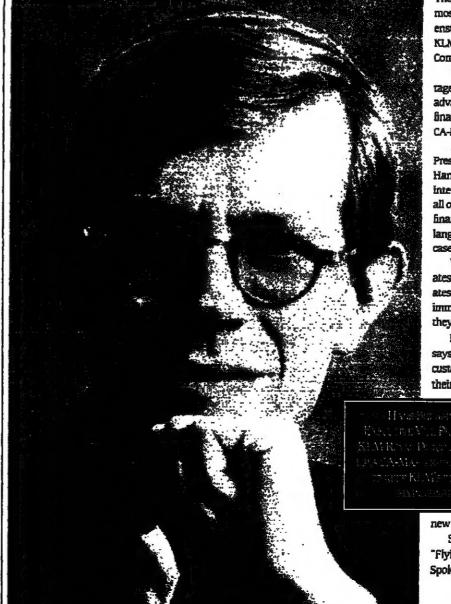
ests," says Chris Mike, directhan current modem data rates. This could take sevtor of Electronic Arts Web eral years, but the communications equipment costs are falling and as manufacturers crank up production lines, costs should fall even fur-

> In the meantime, games creators are designing games that can still be effectively played over regular modems with graphics images loaded from a CD-Rom disks



Most PC games are now sold in CD-Rom format

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As Executive Vice President and Corporate Controller, Hans Bruggink says, "KLM is an international business with offices all over the globe. So we needed financial software that was multilanguage and multi-currency. In both cases, Masterpiece fit the bill"

What's more, Bruggink appreciates the fact that Masterpiece operates in "real-time" giving his staff immediate access to the information they need right from their PCs.

Perhaps best of all, Bruggink says, CA and KLM worked together to customise Masterpiece to precisely fit their needs: "CA made sure they had

> all the input they needed to tailor Masterpiece to our specific requirements. And they continue to refine the software to keep up with the

new demands of our business." Sounds like a good partnership. "Flying sky high," says Bruggink. Spoken like a true airline executive.

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Purchasing trends • By Michael Dempsey

A change in buying habits in European games market

The average age of a Sony games console fan is 22 and one-in-three owns a PC

he computer games icated and entertainment tion." market in Europe may not mirror the buoyancy of the US scene, where Nintendo is struggling to meet a projected demand for 1.5m units of its game players by Christmas. But according to the \$46bn entertainment giant Sony, European cus- games titles. tomers have changed up a gear in their buying habits.

Sony's PlayStation, another dedicated games console, was launched in September 1995. The company claims to have sold 400,000 muchines in the UK

A big price reduction, from filingia a bad ,0012 ot 0012 cant impact on these sales. But Chris Dearing, president of Sony Computer Entertaingetting a system that shares

the same rulps as the rest of climb into the top three posithe IT industry. The same tion of the popularity chart. games console.

ence PC costs have brought down PlayStation prices: The games console is an amazingly inexpensive way to access a huge amount of computing power, albeit dedicated to the graphics func-This powerful little com-

puter works through the household television set. And Deering is frank about the pricing policy - the PlayStation is there to leverage the more profitable business of turning out the "We accept minimal mar-

gins on hardware to put machines in homes. It's a 'razor-and-biade' business. We just shipped our one and half millionth unit in Europe. At the same time, we've sold 500,000 copies of Formula One, our best-sell-

Big turnover

Deoring's point is that the ment Europe, points out that ratio of software, in the form PlayStation purchasers are of CD-Rom disks, to hardware, is one to turn conventechnology with a powerful tional software houses green with envy. Sony estimates, it's got the same process- for example, that it turns ing power and memory cape- over £1.5m per title every bilities. Cur hardware uses week when its CD-Roms

The image of the games console is inextricably bound with adolescence. But Sony has analysed the demographics of its own large population of games fans. They now have an average age of 22, having grown up in the world of consoles from arch-rivals such as Nintendo the Saturn against the

PlayStation. One-in-three games' fans also owns a PC: these figures should kill off false notions of the PC games industry competing head-to-head with the console makers.

"PC sales don't hurt the market," says Deering. Familiarity with interactive activity in general - and gaming in particular - helps

Sony's software sells for £49. A pressing plant in Austria can turn new stock the games giant to move nimbly if it finds it has a. surprise hit on its hands.

But pressing CD-Roms is the easy part. Microprose, a \$100m US games software company, sells games for the PlayStation. It is one of many third parties that keeps the user community but its main market is the PC CD-Rom, not the

Chris Meredith, director of European marketing at Microprose, agrees that the two hardware environments are complementary. However, he is sceptical about Sony's belief that today's 22year-old player will stick with the console as he grows older. The multimedia PC or Sega which currently sells demands around £1,500 worth of kit, so we find users are in the 22 to 35 age bracket," he says. Meredith does not under-

estimate the difficulty of bringing a successful game to market: "Getting a new title out involves an 18month cycle. You really have to forecast the market two years ahead."

A game with world-wide sales potential, such as Doom, a saga that propels the user into dispensing phenomenal violence to a satisfyingly inhuman range of around in a week, allowing adversaries, is the dream of companies such as Micro-

> But a truly international formula is elusive: soccer games have wide appeal in Europe, but obviously lose out to other sports in the US. British Telecom has staked more than £im on its vision of far-flung communi-

ties of games players linking

Continued on page 15

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Business Management & Accounting Software 38 Client Server

27 20

Finance Management 22 39

28-29 Information Security Software -fT-Services-12 In Touch and In Control 11

Interactive Training Management Consultancy

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Network Connectivity 44 Notebook Computer 41, 42, 46, 47 Outsourcing 3, 8

35-37

Products Real Cost 4, 5, 9, 10 Sales & Marketing Software Systems 13

Security Management 6 Software Development 24-25 Software Development Maintenance 31 Storage Management . 45 Telecommunications 2 Telemarketing 32 Upgrades 40

Visual Communications Technology 14-15 For further details regarding the FT-IT DIRECTORY please call Caspar Ingham on Tel: ±44 (0) 171 573 6000

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APPENDING A TO

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Continued from page 13

up over phone lines to share their sport through PC

BT Wireplay is an operation that uses a central computer to project a bulletin board that games fans can browse and leave messages on, setting up joint plays with other individuals.

This is not the Internet, which Colin Duffy, head of games at BT's Internet and multimedia services arm, says is far too slow for group participation in fast-moving

profit centre in BT, charging participants £1.50 an hour during evenings and weekends. The daytime rate is set at a deliberately prohibitive 25, because BT does not expect much traffic during working hours. It can currently support up to 500 simultaneous game-plays. This figure will soon grow to 1,000, with BT then adding more servers as users appear.

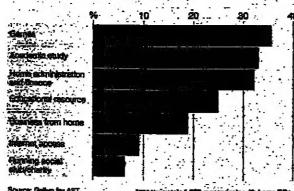
Wireplay Bridge is a game that gives a strong flavour of BT's thinking. Developed with the English Bridge Union, it is envisaged as an activity that can draw in spectators.

BT is using a specialist games press to distribute free games on CD-Rom and clearly believes it can create a new entertainment medium. A Wireplay licence has already been sold to US telecoms giant MCI, with BT claiming fees on a royalty basis as MCI's games turn-

Back at Sony, Deering denigrates BT's pretender to the crown of games king: "Cames like this have a role. but they are in a primitive state relative to the high-speed arcade style games we deal in."

Not that this competition is had news ~ "it will expand the entire market for games as people become familiar with new forms of entertainment," he says, adding a poetic metaphor. "All ships rise on the tide."

Uses for home PCs*



Almost three-quarters of UK parents believe that using a home PC

a career in Columbia Pictures that began before the US film studio was bought by the Japanese electronics concern. Today, the Japanese PlayStation factory is Wireplay will operate as a reported to be churning out consoles at a rate of a million a month. Whether this success reflects on the IT sector or mass entertainment is irrelevant: it is an impressive business using detailed user-profiles that would benefit some of today's mainstream IT com-

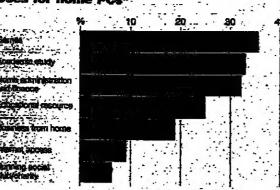
Big rise in world **CD** sales

the year 2000, according to a Systems, a leading manufacturer in the CD-Rom sector, writes Michael Wiltshire

may already be as high as 80m a year, but this will grow by 50 per cent year-onyear, forecasts Leybold. Sales of CDs in the educational and games market is expected to reach \$350m by the year 2000. Leybold, based in Germany, suggests that European publishers of large hardback books, such as directories and encyclopaedias, "must invest in new technology now, if they are not to lose this sector of the market to Asian publishers".

Educational

Almost three-quarters (72



AST Research which has a

turnover of \$2.4bn - found

that education is one of the

respondents' key uses for

pole position at 36 per cent -

see chart above - this is

closely followed by academic

study (25 per cent), home administration and finances

(32 per cent) and use as a

learning tool for children, (25

A significant 50 per cent of

PC buyers in the UK

between the ages of 16 and

24 use their machine for edu-

cational study, claims the

Despite the popularity of

computer games, only 6 per

cent of parents fear that

their children spend too

much time using the home

PC. And of parents who use

the PC alongside their chil-

dren, 16 per cent introduce

them to computing before

Although computer usage

remains steady as children

develop, the survey found a

noticeable dip occurs between the ages of 11 and

15 years, rising again when

the child approaches 'A'

level examinations and fur-

More details from AST in

the age of five.

ther education.

While playing games takes

their personal computers.

Deering joined Sony after UK believe that using a personal computer at home will enhance their children's employment prospects, according to a new Gallup The survey also found that 45 per cent of parents claim that their children's performance has improved since a PC was introduced into their The report, conducted on behalf of AST Europe - a subsidiary of the US-based

More than 16m interactive CDs were sold worldwide last year and this figure is expected to rise to 350m by new report from Leybold Sales of interactive CDs

value of PCs

per cept) of parents in the the UK on 44 +(0)181 587 3000.

Personality profile: Keith Amold

eith Arnold has travelled far since he started more than 30 years ago as an apprentice technician in the computer and electronics laboratories of University College, Swan-

As a mature student, he went on to take a degree in computer technology, one year behind another subsequently highly successful Welsh businessmen and Swansea graduate, Terry Matthews, founder of the Canadian telecommunications company, Newbridge Networks.

For his doctorate he carried out pioneering research into the then new microcomputer chips developed by Intel before starting in business on his own in 1977. With help from a local private backer he founded Race Electronics, one of the early UK contract electronics manufacturers, making products at the time ranging from BBC brand computers to onboard electronic systems for

In 1983 he moved on to form another company, Assembly and Automation (Riectronics), which he developed into a supplier of cophisticated equipment for British Airways, BT, Cray, and other high technology businesses, before selling to the Singapore-based electronics multinational, Flexronics, last year. Now entitled to wear the

obes and regalia that go with being the tenth master of the 100th livery company, the Information Technologists. Arnold finds himself involved once again with apprenticeships, this time as head of an organisation responsible for developing a group of around 20 individuals working their way through indenture to City freemen status.

In September, the first four apprentices to take pert completed their four rear courses of study and training, which take place within sponsoring companies and lead to a degree or similar qualification. Rach is overseen by an

apprentice master (a member of the Livery Company) and a mentor from their cles which might exist to increasing if expertise is crucial to the City of London's future

The master apprentice

Rhys David profiles the newly-installed master of London's Worshipful Company of Information Technologists

"The attitude of venture

capital providers to high

technology companies has

traditionally been very dif-

ferent here compared with

the other side of the Atlan-

tic. UK providers were

scared by the problems of

the 1980s but the industry

is here to stay and the

returns are there to be

nies have found it necessary

to use expensive overdraft

Many expanding compa-

made, Arnold points out."



Arnold: his theme is 'IT excellence

own company, and will be investment in the sector. expected each year to proice a dissertation on their field of work.

"We are recruiting some very talented and enthusiastic people, who benefit from learning and training at work and from being able to participate in all the activities associated with a traditional livery company," Arnold says. Around four-six apprentices a year are currently passing through but this number will expand.

As is the tradition for livery masters, Arnold has chosen a theme - IT excellence - for his year, but much of his focus will be on helping others to avoid the problems he had in setting up companies, making it easier for a whole stream of new IT ideas to come to the market. "We have excellent skills

in Britain which we do not make enough of. I am very keen to promote young, entrepreneurial companies," Arnold says. Arnold and his colleagues

have provided input for a Mori study among venture capitalists and high technology companies which is seeking to uncover obstaexplain to non-technical funders.

In IT, Arnold points out, it is not necessarily the large companies which take over the small but the fast which take over the slow. The slow, however, are often the poor who are not able to expand because of a

lack of funding."

The results of the study which are due to be published very shortly have given Arnold reason to feel confident, however, that attitudes are changing and that further progress can be made during his period in

"The evidence suggests the climate has changed over the past five years and there has been a closing of the gap between the perceptions on both sides," he

Arnold also believes the company can and most make its IT expertise available to help the City to retain its leading competitive position. One very large problem identified by Arnold is the existence of individual pools of excellence operating in isolation from each other and unable

funding, with software pio-All too often information neers experiencing the from one part of the envigreatest difficulties because ronment cannot be accessed

their ideas are hard to elsewhere without complicated switching.

"Prices, for example, cannot flow into a functional environment. They come in on one monitor but it is then necessary to move to another to carry out a transaction. With a common platform you can speed processes up," Arnold

observes. "There is resistance to change because businesses have invested large amounts of money in their own systems but we need to bring the various organisations together to create a common platform for the City of London. This is what other centres around the world including New York, Frankfurt and Paris

are trying to do," he says. These two challenges together with more than 200 functions including reciprocal engagements with other livery companies - seem likely to take up most of Arnold's energy this year, leaving little time to consider his options on

leaving office. He now operates on a non-executive basis for Flextronics, having stepped down as director of European operations to carry out his duties as master this year.

Por contractual reasons he will not be re-entering the same business should he decide to go it alone again but be is likely, he admits, to remain active from his base in Wales offering advice as a consultant well after his time as master is over.

□ London lawyer Richard Susskind, also a member of the Worshipful Company of Information Technologist, writes in today's separate FT-IT magazine, "Doing Business On-Line".

☐ A review of his latest book, on 'The Future of Law' and the impact of IT on leval reform, appears on page 7 of this issue of the IT Review.

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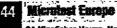
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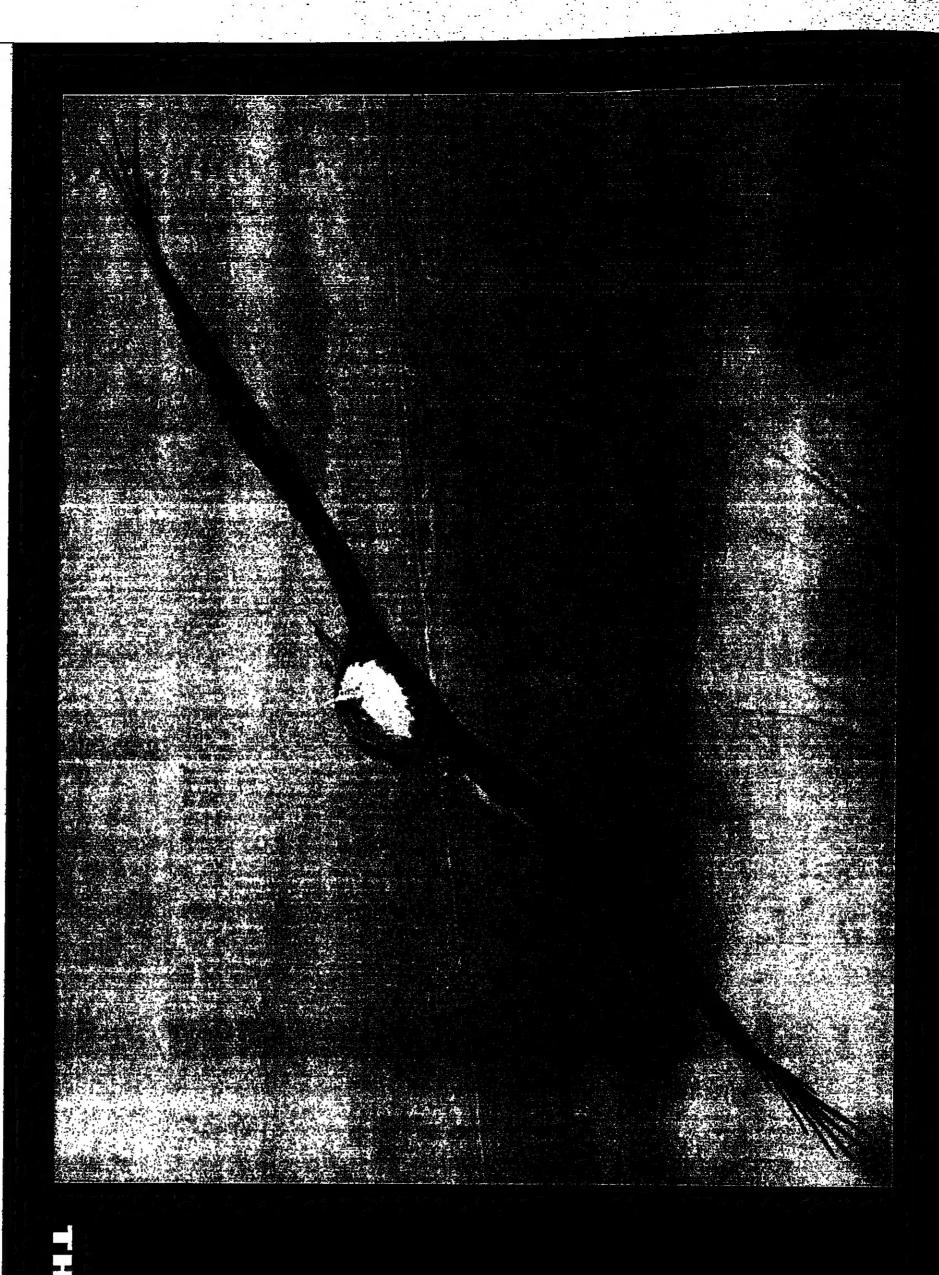
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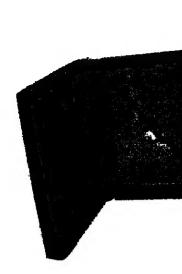


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